

STATE OF CALIFORNIA
COUNTY OF SAN FRANCISCO

BEFORE ME, the undersigned authority, on this day personally appeared _____,

known to me to be the person whose name is subscribed to the foregoing instrument,

and acknowledged to me that he executed the same for the purposes and consideration therein expressed.

Given under my hand and seal of office this _____ day of _____, 19____.

Notary Public in and for the State of California

My Commission Expires _____

Notary Public

Witness my hand and seal this _____ day of _____, 19____.

Notary Public

Notary Public

Notary Public

Notary Public

Notary Public

Notary Public

Notary Public

Notary Public

Notary Public

Notary Public

Alaska State Legislature

REPRESENTATIVE
BARBARA LACHER
P.O. BOX 478
PALMER, ALASKA 99645
(907) 376-4215



WHILE IN JUNEAU
POUCH V
JUNEAU, ALASKA 99811
(907) 465-4894

House of Representatives

TO: House C & R A Committee
FROM: Staff
SUBJECT: CSSB 21 (C & R A) am

The following definitions are from Websters New World Dictionary, 2nd college edition, 1982:

Facility: 1. ease of doing or making; absence of difficulty.

2. a ready ability; skill; dexterity; fluency.

3. the means by which something can be done (poor transportation facilities)

4. a building, special room, etc. that facilitates or makes possible some activity (a new facility for outpatient treatment)

System: 1. a set or arrangement of things so related or connected as to form a unity or organic whole.

2. a set of facts, principles, rules, etc. classified or arranged in a regular orderly form so as to show a logical plan linking the various parts.

3. a method or plan of classification or arrangement.

POSITION PAPER ON SENATE BILL 21
by the
DEPARTMENT OF ENVIRONMENTAL CONSERVATION
Before the
SENATE FINANCE COMMITTEE
March 1, 1983

Senate Bill No 21 amends existing statute AS 46.03.030. This statute authorizes the Department of Environmental Conservation to award grants up to 50 percent of the eligible costs for water, sewerage, and solid waste facilities. The primary purpose of the amendment is to increase the State's grant percentage from 50 to 75 percent. The bill also provides for an effective date.

This bill contains the same major provisions as SB 252 which passed the Legislature last year and was vetoed by Governor Hammond due to several minor provisions not found in SB 21. In his veto statement Governor Hammond stated his support for the basic legislation and his intent to recommend that the new administration reintroduce the bill this session. The Sheffield administration also supports the concept.

The Department supports this legislation for several reasons:

- 1) Small municipalities are often unable to raise the 50 percent local match required under the existing statute. The proposed amendment will allow many of these municipalities to improve their basic sanitation services.
- 2) Federal matching grants have been drastically reduced. Adoption of SB 21 with the accompanying fiscal note will help offset the impact of decreased federal revenues.

- 3) Alaska's residents will receive a nontaxable financial benefit. An increase in State funds will reduce LID and property assessments, thereby providing a financial benefit. Since there is no direct monetary gain for the taxpayer, there can be no increase in their federal income tax.

The Department respectfully recommends that the committee consider one amendment to SB 21, which will make the Bill consistent with the administration's proposal. We request that SB 21 be amended as follows.

Add a provision in Section 1, AS 46.03.030 after line 19, page 1.
Total State funding, from all sources, shall not exceed 75 percent of eligible project costs not financed by the federal government.

This provision prevents the municipal grants program from fully matching appropriations, which would result in 100 percent project financing by the State. Requiring a minimum of 25 percent local funding will provide for more local project management.

Adoption of SB 21 will result in construction of projects that would not have been built under the 50 percent funding program. As a practical matter, however, there is no means by which we can reliably predict which projects will be affected or their costs. The attached fiscal note estimates that if the base level of funding remains constant at \$30.0 million per year, the effect of this bill will be approximately \$19.5 million in FY-84.

Thank you for the opportunity to present these comments. I will be happy to address any questions you may have.

SENATE AMENDMENT

adopted
3/1/93

By Finance Committee

To: CS for SENATE BILL No. 21 (C&RA)

To: HOUSE BILL No.

PAGE: 1 LINE: 15, 27 & 28

SB-15
re SB-150
bills

Line 15

Following the word "facilities" insert:

, and solid waste processing and disposal

Lines 27 & 82

Delete:

including the cost of replacing obsolete facilities,

MEMORANDUM

State of Alaska

TO: Max Gifford
Senator Sackett's Office
Pouch V

DATE: February 10, 1983

FILE NO:

TELEPHONE NO:

FROM: Keith Kelton, Director
Facility Construction
and Operation
Department of Environmental
Conservation

SUBJECT: SB 21

Thank you for apprising me of the conflict that will be created by passage of SB 21 as amended. You are correct that the Department's administrative code 18 AAC 73.010 prohibits the financing of replacement projects. The committee substitute (page 1, line 28) would authorize the replacement of obsolete facilities as grant eligible and necessitate a change to the code.

I was unaware that this provision was included in Senator Sackett's amendment to finance water delivery and honey bucket collection vehicles. We strongly support the inclusion of the vehicles as grant eligible but have serious reservations on financing replacement of obsolete facilities.

The Administration's veto of SB 252 last year was partially due to the amendment in that bill, which would have authorized funding of obsolete facilities. It is the Administration's position that communities should be responsible for maintaining facilities once they are constructed and charge a user fee to cover the costs of maintenance and amortization. It is the Administration's desire not to replace facilities that have been allowed to deteriorate due to lack of maintenance by a municipality.

I have attached a copy of Governor Hammond's veto letter to Senate President Jalmar Kerttula, which includes his opposition to the replacement of obsolete facilities. As stated to you in our phone conversation, it was not my understanding that this provision was included in the committee substitute. I would be happy to work with you to clarify or modify SB 21 as necessary to reflect everyone's concerns.

Attachment

June 16, 1982

DEPARTMENT OF
ENVIRONMENTAL CONSERVATION

The Honorable Jalmar Kerttula
President of the Senate
Alaska State Legislature
Pouch V
Juneau, Alaska 99811

Dear Mr. President:

Under the authority of art. II, sec. 15, of the Alaska Constitution, I have vetoed House Committee Substitute for Committee Substitute for ~~Senate Bill 252 (Fin)~~ am H, relating to grants for water supply, sewerage and solid waste facilities; and providing for an effective date. While I support the basic thrust of this bill - increasing the state's grant proportion of water, sewer and solid waste facilities - there are several provisions which are objectionable.

The bill would allow replacement of obsolete facilities to be grant eligible. In the past, the Department of Environmental Conservation has funded only new construction, expansion, and modification of facilities. Replacement of obsolete facilities should be funded by revenues accumulated from user charges. In this way, communities and users are encouraged to provide adequate operation and maintenance or they will foot the bill for costs to replace projects which have become "obsolete" through neglect.

The bill would also apparently allow funding of water delivery and honey bucket collection vehicles. The Attorney General has ruled that these vehicles cannot be eligible for funding through general obligation bond financing, as the Constitution restricts general obligation bonds to capital projects. General fund moneys could be used for vehicles; however, the principle source of funds for water and sewer projects has been general obligation bonds.

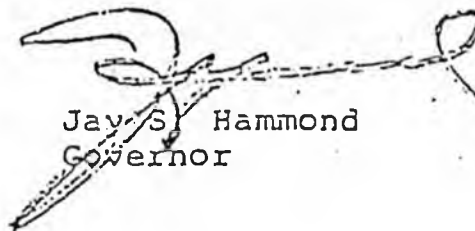
Finally, the bill would mandate that the Department of Environmental Conservation provide grants to communities with village safe water projects to assist in operation and maintenance of those projects. Presently, the authority to provide those grants is contained in the Village Safe Water Act and is discretionary. If the department determines that

... must have a state grant for the project to
... and if the operation is sufficiently cost-efficient
and funds are available, the department can fund grants to
these villages. The proposed revisions would mandate these
grants regardless of the community's ability to pay, the
operating history of the project, or how well it is run. To
the extent possible, these projects should pay their own
way without relying on the state to subsidize them.

A veto of this bill would have little effect over the next
year. No funds were appropriated by the legislature to
implement the provisions of the bill; in fact, the
Department of Environmental Conservation does not have
sufficient funds to amend grants under the existing formula
to the extent it has grant applications. There is also no
funding available for operation and maintenance grants to
communities with village safe water facilities.

I am requesting the Commissioner of Environmental
Conservation to work on draft legislation addressing these
issues for me to consider for submittal to the next
legislature.

Sincerely,



Jay S. Hammond
Governor

February 15, 1983

The Honorable Mitchell E. Abood, Jr.
Chairman, House State Affairs Committee
Representative
Alaska State Legislature
Pouch V
Juneau, AK 99811

Dear Chairman Abood:

Re: HB 101

As requested by the House State Affairs Committee, the Department of Environmental Conservation, Representative Barbara Lacher's staff, and the Alaska Municipal League met to discuss the amendments proposed for House Bill 101. The Department proposed four amendments to HB 101 in its testimony before the committee on February 11, 1983. Mr. Robert Harris, testifying for Representative Lacher, objected to three of these amendments. During our discussions we were successful in reconciling our differences on two of the three objections.

All parties now support amendments 1, 2, and 4 to HB 101, which, if adopted, will match similar changes made to SB 21.

AMENDMENT #1 - Add Section 3, AS 46.03.030(d) to read:

The Department shall, by regulation, identify those costs which are eligible costs for the purposes of this section. Eligible costs include the costs [ESTABLISHED IN A CONSTRUCTION CONTRACT] which are necessary for the construction of a project, but do not include the cost of interest in financing and right-of-way acquisition, or costs related to operation, maintenance, repair or replacement of a project. Eligible costs include the costs of the initial purchase of water delivery and sewage collection vehicles if the water delivery and sewage collection vehicles are determined by the department to be cost effective compared with conventional water supply and sewage collection systems. Eligible costs also include the cost of facilities for the maintenance and storage of these vehicles.

AMENDMENT #2

Delete the following clause in Section 2, AS 46.03.030(e) beginning on page 1, line 29; [INCLUDING COSTS OF OBTAINING FEDERAL WAIVERS FROM THE REQUIREMENT FOR SECONDARY TREATMENT PLANTS.] This provision is now obsolete since the time period for applying for these waivers has passed.

AMENDMENT #4

The addition to the statute contained on page 1 of the bill and beginning on line 16 with the word "If" is no longer relevant. It was originally included to provide a maximum State/federal funding ceiling of 87.5 percent when 75 percent federal grants were available from the U.S. Environmental Protection Agency. Since the EPA grants are being reduced to 55 percent in 1984 and other federal grants are scarce, this provision could probably be dropped. However, until the federal law change in 1984 it is possible for some communities to qualify for a combined State/federal grant of 92.5 percent. Deletion of the subject clause from the bill will make it possible for the higher participation.

AMENDMENT #3 - No agreement reached

Add a provision in Section 1, AS 46.03.030 after line 19, page 1. Total State funding, from all sources, shall not exceed 75 percent of eligible project costs not financed by the federal government. This provision prevents the municipal grants program from fully matching legislative appropriations, which would result in 100 percent project financing by the State. Requiring a minimum of 25 percent local funding will provide for more local project management.

We were unable to reach agreement on this proposed amendment. The Administration's philosophy to limit grant participation and extend the Department's resources does not match that of Representative Lacher. The committee's evaluation on the merits of this amendment will be required.

The undersigned agree that the above statements reflect their understanding of the agreement reached.

Representative Barbara Lacher
House of Representatives

Keith Kelton, Director
Facility Construction and Operation
Department of Environmental Conservation

b.c. Jenny Skelton



TELEPHONES
(907) 586-1325
586-6526

204 N. FRANKLIN ST.
JUNEAU, ALASKA 99801

January 25, 1983

To: Senate Community and Regional Affairs Committee

From: Ginny Chitwood, AML Executive Director

Re: SB 21 - Grants for Water Supply, Sewerage, and Solid Waste Facilities

The Alaska Municipal League urges your favorable consideration of SB 21, increasing the state share of construction grants for community water supply, sewerage, and solid waste facilities from 50% to 75% of the non-federal share.

Public Health Needs: Adequate and clean water, sanitary sewer, and solid waste disposal are basic public health issues that, for the most part, cannot be addressed on an individual basis. Because total costs of these projects are very large, it is hard for many areas to raise the 50% local match required by the current programs.

Relief for Property Owners: The local share of water and sewer projects traditionally is paid by assessments on local property, not by general municipal taxation. Increasing the state share will provide direct relief to property owners and taxpayers by reducing local improvement district (LID) payments. Additionally, none of the state assistance dollars under this program will result in increased federal tax payments, as is the case with many of the other state revenue distribution plans. LID payments, as opposed to property and sales tax payments, are not eligible as federal income tax deductions, nor are monthly charges for water, sewer, and solid waste services.

Mandated Costs: Many of the municipal water, sewer, and solid waste projects have costly additional features, not because communities want them, but because they are mandated by federal and/or state laws and regulations. It seems only fair that a large portion of the mandated cost be borne by other than local residents.

Most areas of the state are way behind the rest of the country in having basic water supply, sewerage disposal, and solid waste facilities. Expanding the state's construction grants program is a means to accelerate the process of "catch-up". Because this is a matching grants program, an expenditure by the state will generate an increased amount of capital projects throughout the state. The new facilities will be maintained by the local governments and utility districts and will not require state operating assistance.

POSITION PAPER ON SENATE BILL 21
by the
DEPARTMENT OF ENVIRONMENTAL CONSERVATION
Before the
SENATE COMMUNITY & REGIONAL AFFAIRS COMMITTEE
January 25, 1983

Senate Bill No 21 amends existing statute AS 46.03.030. This statute authorizes the Department of Environmental Conservation to award grants up to 50 percent of the eligible costs for water, sewerage, and solid waste facilities. The primary purpose of the amendment is to increase the State's grant percentage from 50 to 75 percent. The bill also provides for an effective date.

This bill contains the same major provisions as SB 252 which passed the Legislature last year and was vetoed by Governor Hammond due to several minor provisions not found in SB 21. In his veto statement Governor Hammond stated his support for the basic legislation and his intent to recommend that the new administration reintroduce the bill this session. The Sheffield administration also supports the concept and has directed the Department of Law to draft a bill raising the grant funding percentage. The administration's proposed bill differs slightly from SB 21 but both contain the same major provisions.

The Department supports this legislation for several reasons:

- 1) Small municipalities are often unable to raise the 50 percent local match required under the existing statute. The proposed amendment will allow many of these municipalities to improve their basic sanitation services.

- 2) Federal matching grants have been drastically reduced. Adoption of SB 21 with the accompanying fiscal note will help offset the impact of decreased federal revenues.
- 3) Alaska's residents will receive a nontaxable financial benefit. An increase in State funds will reduce LID and property assessments, thereby providing a financial benefit. Since there is no direct monetary gain for the taxpayer, there can be no increase in their federal income tax.

The Department respectfully recommends that the committee consider four amendments to SB 21, which will make the Bill consistent with the administration's proposal. We request that SB 21 be amended as follows.

- 1) Add Section 3, AS 46.03.030(d) to read:

The Department shall, by regulation, identify those costs which are eligible costs for the purposes of this section. Eligible costs include the costs [ESTABLISHED IN A CONSTRUCTION CONTRACT] which are necessary for the construction of a project, but do not include the cost of interest and financing and right-of-way and land acquisition, or costs related to operation, maintenance, repair or replacement of a project. Eligible costs include the costs of the initial purchase of water delivery and sewage collection vehicles if the water delivery and sewage collection vehicles are determined by the department to be cost effective compared with conventional water supply and sewage collection systems. Eligible costs also include the cost of facilities for the maintenance and storage of these vehicles.

- 2) Delete the following clause in Section 2, AS 46.03.030(e) beginning on page 1, line 29; [INCLUDING COSTS OF OBTAINING FEDERAL WAIVERS FROM THE REQUIREMENT FOR SECONDARY TREATMENT PLANTS.] This provision is now obsolete since the time period for applying for these waivers has passed.

- 3) Add a provision in Section 1, AS 46.03.030 after line 19, page 1. Total State funding, from all sources, shall not exceed 75 percent of eligible project costs not financed by the federal government. This provision prevents the municipal grants program from fully matching appropriations, which would result in 100 percent project financing by the State. Requiring a minimum of 25 percent local funding will provide for more local project management.

- 4) The addition to the statute contained on page 1 and beginning on line 16 with the word "If" is probably no longer relevant. It was originally included to provide a maximum State/federal funding ceiling when 75 percent federal grants were available from the U.S. Environmental Protection Agency. Since the EPA grants are being reduced to 55 percent in 1984 and other federal grants are scarce, this provision could probably be dropped.

Adoption of SB 21 will result in construction of projects that would not have been built under the 50 percent funding program. As a practical matter, however, there is no means by which we can reliably predict which projects

will be affected or their costs. The attached fiscal note estimates that if the base level of funding remains constant at \$30.0 million per year, the effect of this bill will be approximately \$19.5 million in FY-84.

Thank you for the opportunity to present these comments. I will be happy to address any questions you may have.



STATE OF ALASKA
OFFICE OF THE GOVERNOR
JUNEAU

June 16, 1982

The Honorable Jalmar Kerttula
President of the Senate
Alaska State Legislature
Pouch V
Juneau, Alaska 99811

Dear Mr. President:

Under the authority of art. II, sec. 15, of the Alaska Constitution, I have vetoed House Committee Substitute for Committee Substitute for Senate Bill 252 (Fin) am H, relating to grants for water supply, sewerage and solid waste facilities; and providing for an effective date. While I support the basic thrust of this bill - increasing the state's grant proportion of water, sewer and solid waste facilities - there are several provisions which are objectionable.

The bill would allow replacement of obsolete facilities to be grant eligible. In the past, the Department of Environmental Conservation has funded only new construction, expansion, and modification of facilities. Replacement of obsolete facilities should be funded by revenues accumulated from user charges. In this way, communities and users are encouraged to provide adequate operation and maintenance or they will foot the bill for costs to replace projects which have become "obsolete" through neglect.

The bill would also apparently allow funding of water delivery and honey bucket collection vehicles. The Attorney General has ruled that these vehicles cannot be eligible for funding through general obligation bond financing, as the Constitution restricts general obligation bonds to capital projects. General fund moneys could be used for vehicles; however, the principle source of funds for water and sewer projects has been general obligation bonds.

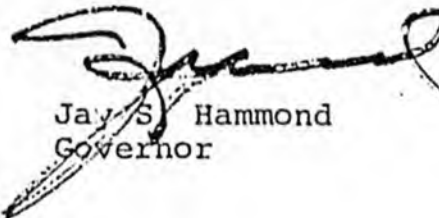
Finally, the bill would mandate that the Department of Environmental Conservation provide grants to communities with village safe water projects to assist in operation and maintenance of those projects. Presently, the authority to provide those grants is contained in the Village Safe Water Act and is discretionary. If the department determines that

a community must have a state grant for the project to survive, and if the operation is sufficiently cost-efficient and funds are available, the department can fund grants to these villages. The proposed revisions would mandate these grants regardless of the community's ability to pay, the operating history of the project, or how well it is run. To the extent possible, these projects should pay their own way without relying on the state to subsidize them.

A veto of this bill would have little effect over the next year. No funds were appropriated by the legislature to implement the provisions of the bill; in fact, the Department of Environmental Conservation does not have sufficient funds to amend grants under the existing formula to the extent it has grant applications. There is also no funding available for operation and maintenance grants to communities with village safe water facilities.

I am requesting the Commissioner of Environmental Conservation to work on draft legislation addressing these issues for me to consider for submittal to the next legislature.

Sincerely,



Jay S. Hammond
Governor



TELEPHONES
907) 586-1325
586-6526

204 N. FRANKLIN ST.
JUNEAU, ALASKA 99801

January 25, 1983

To: Senate Community and Regional Affairs Committee

From: Ginny Chitwood, AML Executive Director

Re: SB 21 - Grants for Water Supply, Sewerage, and Solid Waste Facilities

The Alaska Municipal League urges your favorable consideration of SB 21, increasing the state share of construction grants for community water supply, sewerage, and solid waste facilities from 50% to 75% of the non-federal share.

Public Health Needs: Adequate and clean water, sanitary sewer, and solid waste disposal are basic public health issues that, for the most part, cannot be addressed on an individual basis. Because total costs of these projects are very large, it is hard for many areas to raise the 50% local match required by the current programs.

Relief for Property Owners: The local share of water and sewer projects traditionally is paid by assessments on local property, not by general municipal taxation. Increasing the state share will provide direct relief to property owners and taxpayers by reducing local improvement district (LID) payments. Additionally, none of the state assistance dollars under this program will result in increased federal tax payments, as is the case with many of the other state revenue distribution plans. LID payments, as opposed to property and sales tax payments, are not eligible as federal income tax deductions, nor are monthly charges for water, sewer, and solid waste services.

Mandated Costs: Many of the municipal water, sewer, and solid waste projects have costly additional features, not because communities want them, but because they are mandated by federal and/or state laws and regulations. It seems only fair that a large portion of the mandated cost be borne by other than local residents.

Most areas of the state are way behind the rest of the country in having basic water supply, sewerage disposal, and solid waste facilities. Expanding the state's construction grants program is a means to accelerate the process of "catch-up". Because this is a matching grants program, an expenditure by the state will generate an increased amount of capital projects throughout the state. The new facilities will be maintained by the local governments and utility districts and will not require state operating assistance.

ALASKA DEPARTMENT OF ENVIRONMENTAL CONSERVATION
FACILITY CONSTRUCTION AND OPERATION DIVISION
STATUS REPORT
OF
MUNICIPAL GRANTS PROGRAM

April 1982

MUNICIPAL GRANTS

The municipal Grants Program is authorized by AS 46.03.030. This program provides grants up to 50 percent of the nonfederally financed costs for water, sewerage, and solid waste improvements. These grants may be used to pay for engineering, construction, legal, administrative and equipment costs. Grants are available only to incorporated municipalities. The State does not provide any operation and maintenance support beyond technical assistance.

Project scope, scheduling, and funding are left to local determination. The Department does not attempt to second-guess the validity or local priority of requested grants. The Department is concerned with approval of construction plans and specifications, contract documents for engineering design and for construction. Progress payments and interim construction inspections are made during the course of the project. Grantees' final project costs are audited by the Department. The emphasis of the program is to minimize grant requirements with the grantees responsible for the majority of project administration.

Funding for this program has been provided by general obligation bonds approved by the voters. Bonds totaling \$112.5 million have been authorized in 1970, 72, 76, 78, and 80. Grants are awarded on a first-come, first-served basis, subject to the availability of funds. No priority system is presently utilized in awarding these grants.

The program has currently obligated all but approximately \$1.0 million of the bonds approved by the voters. This \$1.0 million is being held in reserve to fund grant increases due to change orders for existing projects under construction. We are in receipt of approved grant applications totaling nearly \$18.7 million, which we are unable to fund at this time. The projects will be funded in the order that applications were approved, subject to the availability of funds. A list of these projects is attached.

The Governor's capital budget request obtains \$10.0 million in general funds that will be available this summer, subject to approval by the Legislature. An additional \$40.0 million is proposed for voter approval in this fall's general election. As can be noted, general fund approval of \$10.0 million by the Legislature will result in over \$8.0 million of projects that cannot be constructed this summer. Delaying these projects by a year will result in approximately a 15 percent increase due to inflation.

It is our estimate that to fully meet the needs of grantees for the 1982 construction season, \$25.0 million will be required and should be available no later than June 1. The balance of program funding requirements could then be met by voter approval of bonds in the 1982 general election. It is estimated that an additional \$50.0 million will need to be approved for FY-83 & 84 if the grants program is to fully respond to the public's demand for sanitation improvements.

If funding is unavailable at the estimated levels of need, we propose to develop a priority system considering public health, benefiting population, and level of existing services. If this occurs, all grantees will be asked to submit their project applications by a specified date for the full calendar year. The projects would then be ranked in accordance with the priority system.

PENDING GRANTS

| <u>Project</u> | <u>Date Received</u> | <u>Grant Amount</u> | <u>Date Funded</u> |
|---|----------------------|---------------------|--------------------|
| Anchorage - SD 81-1 Fire Hydrants | 12-16-81 | \$ 425,520 | |
| W81-13 Dowling Rd Water | 12-16-81 | 100,950 | |
| S81-20 Brown's LID | 12-16-81 | 103,000 | |
| S81-21 AERO LID 112 | 12-16-81 | 272,550 | |
| S81-22 Stella LID 112 | 12-16-81 | 107,850 | |
| Kotzebue - Water Transmission | 12-21-81 | 232,380 | |
| Water System Exp. | 12-21-81 | 248,320 | |
| Sewer System Exp. | 12-21-81 | 1,153,800 | |
| Ketchikan - Karlanna/Hawkins S/D | 12-24-81 | 90,800 | |
| Anchorage - S81-26 Abbot Loop Manor LID 132 | 12-31-81 | 292,650 | |
| S81-18 Original LID 117 | 12-31-81 | 45,050 | |
| Ketchikan - Penstock Ktn Lakes | 1-11-81 | 19,320 | |
| > Seward - Terminal Water & Sewer SW82-1 | 1-22-82 | 1,562,657 | |
| Anchorage - W82-3 Univ. Drive 16" Water | 1-26-82 | 50,950 | |
| W82-4 Ship Avenue Water | 1-26-82 | 20,900 | |
| S82-1 Shackleton LID Sewer | 1-26-82 | 70,500 | |
| S82-2 Alpine Village LID Sewer | 1-26-82 | 238,200 | |
| S82-3 Zodiac LID Sewer | 1-26-82 | 60,250 | |
| S82-4 Fire Lk Int. Phase III | 1-26-82 | 120,694 | |
| W82-2 Northern Lights Water | 1-26-82 | 103,100 | |
| > Houston - Sanitary Landfill | 2-11-82 | 30,000 | |
| Anchorage - W82-6 Ship Creek Water Plant Exp. | 2-19-82 | 4,580,850 | |
| W82-5 Ingra St 16" Water 11th-15th | 2-19-82 | 109,619 | |
| Skagway - Solid Waste | 2-21-82 | 211,610 | |
| Water Storage Tank | 2-21-82 | 269,000 | |
| Sitka - Water Storage Tank | 2-22-82 | 1,192,500 | |
| Water Storage Tank | 2-22-82 | 1,186,050 | |
| > Valdez - Solid Waste Landfill | 2-22-82 (permit) | 210,876 | |
| Juneau - Vanderbilt Hill Water | 2-23-82 | 616,431 | |
| - Lemon Road Water | 2-23-82 | 524,173 | |
| Skagway - Water System | 2-24-82 | 628,000 | |
| Juneau - Bayview S/D | 2-26-82 | 684,600 | |

PENDING GRANTS

Page 2

| <u>Project</u> | <u>Date Received</u> | <u>Grant Amount</u> | <u>Date Funded</u> |
|------------------------------------|----------------------|---------------------|--------------------|
| >Valdez - Pioneer/Chitina Dr W & S | 3-09-82 | \$ 233,973 | |
| Sitka - Car Smasher | 3-12-82 | 11,160 | |
| Sand Point- Meadows S/D Phase I | 3-24-82 | 1,867,800 | |
| Soldotna - Kobuk | 3-25-82 | 383,906 | |
| Kake - Water Dist. Loop | 3-30-82 | 122,305 | |
| Nome - Increase 82 Water & Sewer | 4-01-82 | <u>504,236</u> | |
| | | \$18,686,530 | |

Alaska MUNICIPAL League

TELEPHONES
907) 586-1325
586-6526

204 N. FRANKLIN ST.
JUNEAU, ALASKA 99801

March 26, 1981

to: Senate Community & Regional Affairs Committee

from: Ginny Chitwood

re: SB 252 - Grants for Water Supply, Sewerage, and Solid
(AB 101) Waste Facilities

Alaska Municipal League urges your favorable consideration of SB 252, increasing the state share of construction grants for community water, sewer, and solid waste projects from 50% to 75% of the non-federal share. In looking at various ways to distribute the state's revenues, this proposal should rank high on the list for many reasons:

1.-Public Health Needs. Adequate and clean water, sanitary sewer, and solid waste disposal are basic public health issues that, for the most part, cannot be addressed on an individual basis. Because total costs of these projects are very large, it is hard for most areas to raise the current 50% local match.

2.-Relief for Property Owners. The local share of water and sewer projects traditionally is paid by assessments on local property, not by general municipal taxation. Increasing the state share will provide direct relief to property owners and tax payers by reducing local improvement district (LID) payments.

3.-Federal Income Tax. None of the state assistance dollars under this program will result in increased federal income tax payments, as is the case with many of the other distribution proposals. LID payments, as opposed to property and sales tax payments, are not deductible, nor are monthly charges for water, sewer, and solid waste services.

4.-Price of Land. A big issue for the last couple of years has been the high cost of land. One reason for these high prices in developable suburban areas is the high cost of installing necessary water and sewer systems. Increasing state participation in providing these systems will help to lower the cost of making land available for use. For example, it costs an average of \$13,000 per lot in Ketchikan to provide sewerage under the current state construction grants program. In Juneau, the per lot assessment for a proposed water system would drop from \$1,217.19 to \$608.65 for the smallest lot in the project and from \$8,318.70 to \$4,159.35 for the largest lot if the state share is increased to 75%.

5.-Mandated Costs. Many of the municipal water, sewer, and solid waste projects are constructed not because communities

want them but because they are mandated by federal and/or state laws. It seems only fair that a large portion of the mandated costs be borne by other than the local residents.

At one time it was feared that an increase in the state share would be a disincentive for municipalities to seek federal funds, thus increasing even more the cost to the State. It has since been determined that in many cases, "jumping through the hoops" for federal funds increases project costs so high as to negate the benefits of those funds. In addition to the extras required by the feds, the inflationary increases in the two extra years required for federal processing add tremendously to the cost of a project. In contrast, the Alaska Department of Environmental Conservation has an excellent record of timely processing applications.

hibit and prevent unnecessary radiation."

The 1981 amendment added subparagraph (I) in paragraph (10).

Editor's notes. — Section 10, ch. 172, SLA 1978, provides: "Regulations adopted under authority of statutes repealed or

amended by this Act shall remain in effect until repealed by the Department of Environmental Conservation in consultation with the Department of Health and Social Services."

Sec. 46.03.030. Grants for water supply, sewerage and solid waste facilities. (a) Repealed by § 19 ch 220 SLA 1976.

(b) The department may grant to a municipality, as funds are available, up to 50 percent of eligible costs not financed by the federal government, for public water supply, treatment and distribution systems and public sewage collection, treatment and discharge facilities for which construction has not commenced on or before June 21, 1976. The eligible cost of a project or portions of a project will be as determined by the federal agency granting the most monetary assistance. On projects or portions of projects, for which federal participation is not available, eligible costs will be determined by the department in accordance with (d) of this section. Projects shall be constructed in accordance with plans and specifications approved by the department.

(c) There is a water supply, sewerage and solid waste facilities fund created in the department to carry out the purposes of this section.

(d) The department shall, by regulation, identify those costs which are eligible costs for the purposes of this section. Eligible costs include the costs established in a construction contract which are necessary for construction of a project, but do not include the cost of interest and financing and right-of-way acquisition, or costs related to operation, maintenance, repair or replacement of a project.

(e) The department may grant to a municipality not more than 50 percent of the eligible costs, including costs of obtaining federal waivers from the requirement for secondary treatment plants, which are not paid for by the federal government for solid waste processing or disposal facilities constructed after July 1, 1980. However, the department may grant a municipality up to 60 percent of the eligible costs not paid for by the federal government for a solid waste processing or disposal facility constructed after July 1, 1980, if the facility is used for resource recovery. The eligible costs of a solid waste processing or disposal facility are determined by the federal agency granting the most monetary assistance for construction of the facility. For a solid waste processing or disposal facility for which federal money is not available, the department shall determine the eligible costs in accordance with (d) of this section. A municipality shall construct solid waste processing or disposal facilities financed by grants under this section according to plans and specifications approved by the department. (§ 3 ch 120 SLA 1971; am §§ 2, 19 ch 220 SLA 1976; am §§ 30, 31 ch 168 SLA 1978; am §§ 1-4 ch 163 SLA 1980)

S

5

B

3

PROPOSED CS FOR SB 53

* Section 1. AS 29.53.020(a) is amended by adding a new paragraph to read:

(3) business inventories held for resale.

* Sec. 2. AS 29.45.030(a) is amended by adding a new paragraph to read:

(8) business inventories held for resale.

Remaining sections of bill would remain unchanged.

PREPARED BY: GARY L. JENKINS, DIRECTOR/GOVERNMENTAL RELATIONS
NATIONAL FEDERATION OF INDEPENDENT BUSINESS

"LETTER OF INTENT OF HOUSE

SENATE BILL NO. 53

The bill broadens municipal discretion and requires no change in municipal taxation, but it is not the intention of the House to replace revenues which may be lost by the exemption by increased municipal assistance or state aid. Local officials exercising the authority to exempt business inventories from taxation under this bill would be well advised not to anticipate compensating revenues from the state to replace such lost local tax receipts."

Adopted in the House May 13, 1983.

Alaska State Legislature



Barbara Lacher, Chairman
Mac Tischer, Vice-Chairman
Randy Phillips
Milo Fritz
Don Clocksin
Jack McBride
Mike Szymanski

Room 104
State Capitol
Juneau, Alaska 99811

Pouch V
Juneau, Alaska 99811

House of Representatives Committee on Community & Regional Affairs

TO: Committee on Community and Regional Affairs
FROM: STAFF
RE: SB 53

SB 53 provides municipalities with the option to exempt business inventories from municipal taxation.

AS 29.53.025 is specific as to what categories of property a municipality may exempt from Taxation. Business inventories are not included as a optional item for exemption.

Municipalities that are allowed to exempt business inventories because of "grand father" rights.

From Sen. Mulcahy
Re. SB 53 SAME AS HB250

TABLE II
LOCAL ASSESSMENT POLICY

| BOROUGHS | RESIDENTIAL | | GENERAL PERSONAL PROPERTY | | MOTOR VEHICLES | | BOATS & VESSELS | | BUSINESS INVENTORY | | AIRCRAFT | |
|------------------------------|-------------|----|---------------------------|----|----------------|----|-----------------|----|--------------------|----|----------|----|
| | AV | EX | AV | EX | AV | EX | AV | EX | AV | EX | AV | EX |
| ANCHORAGE, MUNICIPALITY OF | X | - | X | - | 2 | - | X | - | X | - | X | - |
| BRISTOL BAY BOROUGH | 1 | - | X | - | X | - | X | - | X | - | X | - |
| FAIRBANKS NORTH STAR BOROUGH | 1 | - | - | X | - | X | - | - | X | - | - | X |
| HAINES BOROUGH | X | - | - | X | - | X | - | - | X | - | - | X |
| JUNEAU, CITY & BOROUGH | X | - | X | - | - | X | - | - | X | - | X | - |
| KENAI PENINSULA BOROUGH | 1 | - | X | - | X | - | X | - | - | X | X | - |
| KETCHIKAN GATEWAY BOROUGH | X | - | X | - | 2 | - | - | 3 | X | - | X | - |
| KODIAK ISLAND BOROUGH | X | - | X | - | 2 | - | X | - | X | - | X | - |
| MATANUSKA-SUSITNA BOROUGH | X | - | X | - | 2 | - | X | - | X | - | X | - |
| NORTH SLOPE BOROUGH | 1 | - | X | - | - | - | X | - | X | - | X | - |
| SITKA, CITY & BOROUGH | X | - | X | - | X | - | - | 3 | X | - | X | - |
| <u>CITIES</u> | | | | | | | | | | | | |
| CORDOVA | X | - | - | X | - | X | - | - | X | - | - | X |
| CRAIG | X | - | - | X | - | - | X | - | - | X | - | - |
| DILLINGHAM | X | - | X | - | X | - | X | - | X | - | X | - |
| EAGLE | X | - | X | - | - | X | - | - | X | - | - | X |
| GALENA | | NA | | NA | | NA | | NA | | NA | | NA |
| HOONAH | | NA | | NA | | NA | | NA | | NA | | NA |
| HYDABURG | | NA | | NA | | NA | | NA | | NA | | NA |
| KAKE | | NA | | NA | | NA | | NA | | NA | | NA |
| KING COVE | | NA | | NA | | NA | | NA | | NA | | NA |
| KLAWOCK | | NA | | NA | | NA | | NA | | NA | | NA |
| NENANA | X | - | X | - | X | - | X | - | X | - | X | - |
| NOME | X | - | X | - | X | - | X | - | X | - | | NA |
| PELICAN | X | - | X | - | - | X | - | - | 3 | - | X | - |
| PETERSBURG | X | - | X | - | 2 | - | - | X | X | - | X | - |
| ST. MARY'S | | NA | | NA | | NA | | NA | | NA | | NA |
| SKAGWAY | X | - | - | X | - | X | - | - | X | - | - | X |
| TANANA | | NA | | NA | | NA | | NA | | NA | | NA |
| UNALASKA | X | - | X | - | - | X | - | - | X | - | X | - |
| VALDEZ | 1 | - | - | X | - | X | - | - | X | - | - | X |
| WRANGELL | X | - | X | - | - | X | - | - | X | - | X | - |
| YAKUTAT | X | - | - | X | - | X | - | - | X | - | - | X |

1. optional residential exemption up to \$10,000 exercised (AS 29.53.025(a))
2. state collected, annual motor vehicle tax (AS 28.10.431)
3. option 5 & 15 dollar fee collected in lieu of property tax (AS 25.53.025(b)(1))

revenue lost to the municipality by reason of the exemption authorized in those provisions may be reimbursed to the municipality by the state."

The 1977 amendment, in subsection (e), deleted "up to and including an assessed value limit determined no later than January 15 of each year by the commissioner of the Department of Community and Regional Affairs" from the end of the first sentence and deleted the former second

sentence, which read "The assessed value limit is the upper limit of the third quartile class in a frequency distribution of previous year assessed values in the state."

The first 1980 amendment, added paragraph (7) of subsection (a) and subsection (j).

The second 1980 amendment, added paragraph (8) of subsection (a).

NOTES TO DECISIONS

Strict construction.

The courts must narrowly construe statutes granting tax exemptions. *Greater Anchorage Area Borough v. Sisters of Charity of House of Providence*, Sup. Ct. Op. No. 1299 (File No. 2445), 553 P.2d 467 (1976).

Burden of showing eligibility for exemption. — A taxpayer claiming a tax exemption has the burden of showing that the property is eligible for the exemption. *Greater Anchorage Area Borough v. Sisters of Charity of House of Providence*, Sup. Ct. Op. No. 1299 (File No. 2445), 553 P.2d 467 (1976).

Exclusive use for nonprofit religious, etc., purposes must be shown. In order to qualify for an exemption, the taxpayer must show not benefits, but exclusive use for nonprofit religious, charitable, cemetery, hospital or educational purposes. *Greater Anchorage Area Borough v. Sisters of Charity of House of Providence*, Sup. Ct. Op. No. 1299 (File No. 2445), 553 P.2d 467 (1976).

When the property in question is used even in part by nonexempt parties for their private business purposes, there can be no exemption. *Greater Anchorage Area Borough v. Sisters of Charity of House of Pro-*

vidence, Sup. Ct. Op. No. 1299 (File No. 2445), 553 P.2d 467 (1976).

Actual use rather than owner's use should be analyzed in determining eligibility for an exemption. *Greater Anchorage Area Borough v. Sisters of Charity of House of Providence*, Sup. Ct. Op. No. 1299 (File No. 2445), 553 P.2d 467 (1976).

Office space rented to doctors engaged in private practice. — Office space in a building partially used exclusively for nonprofit hospital purposes, rented to doctors engaged in the private practice of medicine by a nonprofit charitable and religious corporation, was not exempt from taxation. *Greater Anchorage Area Borough v. Sisters of Charity of House of Providence*, Sup. Ct. Op. No. 1299 (File No. 2445), 553 P.2d 467 (1976).

While the use of office space by doctor-tenants in conducting their private practices does provide incidental benefits to the adjacent hospital, the office space is not used exclusively for hospital purposes. *Greater Anchorage Area Borough v. Sisters of Charity of House of Providence*, Sup. Ct. Op. No. 1299 (File No. 2445), 553 P.2d 467 (1976).

Sec. 29.53.025. Optional exemptions and exclusions. (a) Municipalities may exclude or exempt or partially exempt residential property from taxation by ordinance ratified by the voters at a regular or special election. An exclusion or exemption authorized by this section may not exceed \$10,000 for any one residence.

(b) Municipalities may by ordinance

(1) classify boats and vessels for purposes of taxation and may establish the assessed valuation of boats and vessels on the basis of their registered or certificated net tonnage; a tax based upon a tonnage valuation shall not exceed \$5 a year for a boat or vessel of less than five net tons and shall not exceed \$15 a year for a boat or vessel of more than five net tons;

(2) classify and exempt from taxation

(A) the household furniture over \$500 in value and the effects of the head of a family or a householder; and

(B) the property of an organization not organized for business or profit-making purposes and used exclusively for community purposes, provided that income derived from rental of such property does not exceed the actual cost to the owner of the use by the renter; and

(C) historic sites, buildings and monuments;

(D) land of a nonprofit organization used for agricultural purposes if rights to subdivide the land are conveyed to the state and the conveyance includes a covenant restricting use of the land to agricultural purposes only; rights conveyed to the state under this subparagraph may be conveyed by the state only in accordance with AS 38.05.069(c).

(c) The provisions of (a) of this section notwithstanding,

(1) a home rule or first or second class borough may, by ordinance, adjust its property tax structure in whole or in part to the property tax structure of a city within it, including but not limited to, excluding personal property from taxation, establishing exemptions, and extending the redemption period;

(2) a home rule or first class city shall have the same power to grant exemptions or exclude property from borough taxes that it has as to city taxes, provided that the exemptions or exclusions have been adopted as to city taxes and further provided that the city appropriate to the borough sufficient money to equal revenues lost by the borough because of the exemptions or exclusions, the amount to be determined annually by the assembly without weighted voting;

(3) a home rule or general law city within an organized borough may, by ordinance, adjust its property tax structure in whole or in part to the property tax structure of the borough, including but not limited to exempting or partially exempting property from taxation.

(d) Exemptions or exclusions from property tax which have been granted by home rule municipalities in addition to exemptions authorized or required by law, and which are in effect on September 10, 1972 and not later withdrawn, are not affected by this Act.

(e) Municipalities may by ordinance classify and exempt or partially exempt from taxation privately owned land, wet land and water areas for which a scenic, conservation, or public recreation use easement is granted to a governmental body. To be eligible for a tax exemption, or partial exemption, the easement must be in perpetuity. However, the easement is automatically terminated before an eminent domain taking of fee simple title or less than fee simple title to the property so that the property owner is compensated at a rate which does not reflect the easement grant.

(f) A municipality may by ordinance exempt from taxation all or any part of the increase in assessed value of improvements to real property if an increase in assessed value is directly attributable to alteration of

*"Grandfather"
Clause*

§ 29.
the r
renov
repair
appea
may
impro
is to
withi
const
conti
plete
asse:
(g
any
fami
incr
this
impo
tion
118
§ 1
am

E:
ame
subs
Th
(e
T
gra
T

inc
pu
us
no
us
fa
pa
us
a
ir
a
to
(
P

30 59

EFFECT OF EXEMPTING BUSINESS INVENTORIES FROM
MUNICIPAL TAXATION

| | <u>Value of 1 mil</u> | <u>\$ of Bus. Inv. Tax</u> | <u>Portion of 1 mil</u> |
|------------------------|---------------------------|--------------------------------|-----------------------------|
| Anchorage | \$ 7,981,000 | \$ 2,441,200 | .3059 |
| Fairbanks | | -0- | -0- |
| City/Borough of Juneau | 839,000 | 233,654 | .2785 |
| Ketchikan-Borough | 574,129 | 30,119 | .0525 |
| -City | 289,426 | 112,248 | .3878 |

Alaska
MUNICIPAL
League

TELEPHONES
907) 586-1325
586-6526

204 N. FRANKLIN ST.
JUNEAU, ALASKA 99801

March 17, 1983

to: Senate Finance Committee
from: Ginny Chitwood, AML Executive Director *GC*
re: SB 53 - Business Inventory Exemption

Alaska Municipal League supports passage of SB 53, authorizing municipalities to exempt business inventories from taxation.

_____ Municipalities would like to see increased business activity in their areas. Local officials see eliminating the property tax on business inventories as one way of encouraging economic activity.

_____ In many cases, the business inventory property tax is merely a "nuisance" tax - a hassle for both the business person and the local official withough enough money changing hands to be worth the effort.

This bill would assist municipalities in being able to design their local tax structure to fit th' local situation.

DEPT. OF COMMUNITY & REGIONAL AFFAIRS

OFFICE OF THE COMMISSIONER

POUCH B
JUNEAU, ALASKA 99811
PHONE: (907) 465-4700

February 8, 1983

POSITION PAPER

RE: SB 53

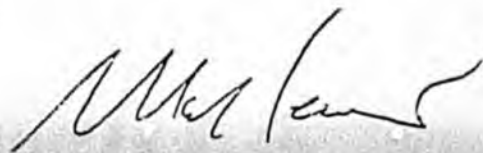
SPONSORS: Senators Mulcahy and Kelly

Program Effects of Bill

Provides for a local option for tax exemptions on business inventories.

Comments

The Department has supported maximizing local options as opposed to mandating such tax exemptions. This measure would allow a municipality to consider such exemptions, assuring that any decision is a local one. The Department believes that the position of the Alaska Municipal League (AML) on this bill should be an important guide post. The AML has supported such a local option for sometime now and continues to do so in their 1983 Policy Statement. One reason is that business inventory taxes often cost more to collect than they bring in; another impetus is the general encouragement of private enterprise by repealing taxes such as that on business inventories.



STATE OF ALASKA
PRELIMINARY STATEMENT OF FISCAL IMPACT

Bill No: SB 53 Date on Bill: 1/18/83
 Title: Authorize Municipalities to exempt business inventories from taxation.
 Sponsor: Mulcahy and Kelly
 Requestor: SCRA

1. Estimated fiscal impacts on: Department of Community and Regional Affairs

a. Expenditures:

(Thousands of Dollars)

| | | | FY 83 | FY 84 | FY 85 | FY 86 | | |
|-----------|--|--|-------|-------|-------|-------|--|--|
| Capital | | | | -0- | -0- | -0- | | |
| Operating | | | | -0- | -0- | -0- | | |
| Total | | | | -0- | -0- | -0- | | |

b. Revenues:

| | | | | | | | | |
|---------|--|--|--|--|--|--|--|--|
| Revenue | | | | | | | | |
|---------|--|--|--|--|--|--|--|--|

2. Source of funds to offset fiscal impact of bill:

3. Assumptions: This bill allows municipal governments the option of excluding business inventories from taxation. This option will have no impact on the Department's operations. No fiscal impact.

4. Disclaimer:

This statement has not been reviewed by the OMB in the Office of the Governor. It does not represent the policy of the Sheffield Administration or the final estimate of fiscal impact.

Prepared By: Richard Rainery *RR* Phone: 465-4703
 Division: Commissioner's Office Date: _____
 Approved by Commissioner: *[Signature]* Date: _____
 Department: Department of Community and Regional Affairs

5. Distribution:

- Original to Legislative Finance
- Copy to OMB
- Copy to Sponsor
- Copy to Requestor

2/8/83

ALASKA'S INVENTORY TAX

Donald R. Magnusson

The inventory tax is the most unfair and inequitable business tax in Alaska today. This tax has been condemned repeatedly by the Federal Advisory Commission on Intergovernmental Relations and by innumerable state level legislative and administrative studies. Many of their conclusions are well known and we think it is unnecessary to dwell on them at length, but we do think they should be stated briefly for the record. The inventory tax is unfair in that it bears no relation to profit or loss, placing a heavy burden on one segment of the business community which is not shared, either by private citizens or by other segments of the business and professional community. The business or profession that does not hold merchandise for resale, but who may deal with services, professional or otherwise, pays no similar tax. In fact, the merchant who attempts to compete efficiently by stocking more sizes to serve the hard-to-fit, who has more inventory and less turnover, ends up paying more inventory tax -- even if there is no profit with which to pay it.

Taxes on the same amount of inventory vary widely because of different local tax rates and different methods used by taxpayers in determining "fair market value", with some taxpayers paying a tax on maximum value while others pay on a much lower amount. Inventory taxes are, by universal admission, almost impossible to administer fairly, even by the most conscientious tax assessor.

Inventory taxes discourage the warehousing of goods within the State and can cause serious disruptions in the flow of goods, higher prices (such as freight) and more inconvenience to the consumer. In Alaska, this is a matter of critical concern.

When seeking to attract new industry, nontax states openly advertise that they have no inventory tax.

Attached is a list of the forty (40) states, plus the District of Columbia, that have acted to repeal or substantially reduce the inventory tax. Note that twenty-seven (27) states, plus the District, have completely repealed it or are in process of completely phasing it out. (Note also, in this connection, that on March 14, 1979 the Illinois Supreme Court declared the personal property tax abolished as of January 1, 1979 irrespective of whether or not the legislature acts to implement its prior constitutional mandate.)

Most of these actions have occurred during the past dozen years and there is every indication that the trend will continue. No state that has repealed its inventory tax has ever reimposed it. The evidence shows just the opposite. States that have abolished the tax are reporting increased business activity and more jobs created from improvement in the state's business climate. State and local tax revenues have increased due to improved sales tax and income tax collections. Increases in the number of jobs lowers welfare and unemployment insurance costs. The repealed inventory

tax increases the efficiency of city and town administration by permitting greater attention to appraisal of real property and other items of personal property that remain subject to tax.

And, most importantly, a repealed inventory tax removes the pyramiding of inventory tax costs through the various trade levels which are reflected in the price of consumer goods.

In summary, the inventory tax is unfair, unwieldy and unworkable, and has been recognized as such by most states which seek to attract and retain a wide variety of business and industry. If a tax falls unfairly upon a limited few, and if its enforcement is irregular and compliance strained, then the tax should be abolished and a better system substituted in its place. The tax on inventories should be repealed.

TAXATION OF BUSINESS INVENTORIES

| | |
|----------------------|--|
| Alabama | Inventory tax repealed by constitutional amendment effective 10/1/78. |
| Arizona | State constitution exempts all inventories effective 1964. |
| California | Inventories taxed at .5% of value effective 7/1/78. |
| Colorado | 95% exemption on inventories effective 1973. |
| Connecticut | Inventory tax phases out by 1982. |
| Delaware | Exempts all personal property, including inventories, effective 1953. |
| District of Columbia | Inventories exempt effective 1974. |
| Florida | 90% exemption for inventories of finished goods, 99% exemption for goods in process and raw materials, effective 1978. |
| Hawaii | Exempts all personal property, including inventories, effective 1947. |
| Idaho | Inventories exempt effective 1971. |
| Illinois | An approved constitutional amendment to exempt all personal property, including inventories, effective 1/1/79, has yet to be implemented by the legislature. |
| Indiana | 35% exemption on inventories plus 20% property tax credit. |
| Iowa | Annually increases personal property credits until total exemption is reached, probably in 1986. |
| Maine | Inventories exempt effective 1977. |
| Maryland | Local option phase-out of inventory tax is in progress, each county having different effective date. |
| Massachusetts | All personal property, including inventories, is exempt unless taxpayer is subject to the corporate excise tax. |
| Michigan | Inventories exempt effective 1976. |
| Minnesota | Inventories exempt effective 1967. |
| Mississippi | Exempts manufactured products in hands of manufacturer, effective 1942. |
| Montana | 93% exemption on inventories effective 1975. |

| | |
|----------------|--|
| Nebraska | Inventories exempt effective 1979.. |
| Nevada . | 1978 constitutional amendment phases out the inventory tax over four years and authorizes the legislature to exempt all other personal property. |
| New Hampshire | Exempts all personal property, including inventories, effective 1970. |
| New Jersey | Inventories exempt effective 1966. |
| New Mexico | Inventories exempt effective 1974. |
| New York | Exempts all personal property, including inventories, effective 1917. |
| North Carolina | Partially exempts manufacturers' inventories effective 1/1/80. |
| North Dakota | Exempts all personal property, including inventories, effective 1970. |
| Ohio | Phasing in an inventory tax exemption of 65%. |
| Oregon - | Inventories exempt effective 1980. |
| Pennsylvania | Exempts all personal property, including inventories, effective 1939. |
| Rhode Island | Exempts manufacturers' inventories effective 1966. |
| South Carolina | Exempts manufacturers' inventories effective 1962. |
| South Dakota, | Inventories exempt effective 1979. |
| Tennessee | Inventories exempt effective 1972. |
| Utah | Inventories exempt effective 1973. |
| Vermont | Inventories exempt on local option basis. |
| Virginia | Inventories exempt in all counties that impose license tax. |
| Washington | Inventory tax phase-out, with full exemption in 1983. |
| Wisconsin | Inventory tax phase-out, with full exemption in 1981. |
| Wyoming | Inventories exempt effective 1972. |

KODIAK ISLAND BOROUGH
RESOLUTION NO. 83-19-R

A RESOLUTION OF THE KODIAK ISLAND BOROUGH ASSEMBLY REAFFIRMING
SUPPORT TO EXEMPT BUSINESS INVENTORIES FROM PERSONAL PROPERTY TAXES.

WHEREAS, it is the intent of the Kodiak Island Borough Assembly to
to allow the exemption of business inventories from personal property taxation
through the initiation of legislation to amend Alaska Statute 29, Chapter 53,
Municipal Assessment and Taxation, and

WHEREAS, Senate Bill No. 53 introduced in the legislature of the
State of Alaska, Thirteen Legislature, First Session, is a bill entitled
"An Act Authorizing Municipalities to Exempt Business Inventories from Taxation;
and Providing for an Effective Date.", and

WHEREAS, the Kodiak Island Borough did by Resolution No. 82-1-R
pass a resolution seeking to change municipal assessment and taxation thereby
exempting all business inventories, and

WHEREAS, the Kodiak Retailers Association has requested the Borough
to initiate through legislation by local representatives the exemption of all
commercial and business inventories.

NOW, THEREFORE, BE IT RESOLVED by the Kodiak Island Borough Assembly
that they again reaffirm their support to exempt business inventories from
personal property taxes.

BE IT FURTHER RESOLVED that the Assembly does hereby express its
support for Senate Bill No. 53 introduced by Senators Mulcahy and Kelly and
further request that a companion House Bill be introduced thereby exempting
business inventories from taxation.

PASSED AND APPROVED this 3rd day of February, 1983
by the Borough Assembly.

KODIAK ISLAND BOROUGH

By *R. Dan Herntea*
Borough Mayor

ATTEST:

By *Shirley Miller, CMC*
Borough Clerk

CITY OF KODIAK
RESOLUTION NUMBER 06-83

A RESOLUTION OF THE COUNCIL OF THE CITY OF KODIAK SEEKING A CHANGE IN THE ALASKA STATUTES TITLE 29, CHAPTER 53, MUNICIPAL ASSESSMENT AND TAXATION, SECTION 29.53.025 OPTIONAL EXEMPTIONS AND EXCLUSIONS

WHEREAS, it is the intent of the Kodiak City Council to seek to allow an exemption of commercial and business inventories from personal property taxation, through the initiation of legislation by local representatives, to amend Alaska Statutes Title 29, Chapter 53, Municipal Assessment and Taxation; and

WHEREAS, more specifically, the intended change would be an addition of the following words to Section 29.53.025 Optional exemptions and exclusions.

(b)(2) "(E) All commercial and business inventories."

NOW, THEREFORE, BE IT RESOLVED by the Council of the City of Kodiak, Alaska, that Senator Mulcahy and Representative Zharoff are requested to initiate the appropriate legislative action, which, if approved, would exempt commercial and business inventories from personal property taxation.

BE IT FURTHER RESOLVED that this resolution be communicated to the following people:

The Honorable Bill Sheffield, Governor of Alaska

The Honorable Stephen McAlpine, Lieutenant Governor of Alaska

The Honorable Bob Mulcahy, Alaska State Senator

The Honorable Fred Zharoff, Alaska Representative

PASSED AND APPROVED this 27th day of January, 1983.

CITY OF KODIAK

Alan J. Beasley
MAYOR

ATTEST:

Marcella Dalke
CITY CLERK

CITY OF KODIAK
RESOLUTION 57-81

A RESOLUTION OF THE COUNCIL OF THE CITY OF KODIAK SEEKING A CHANGE IN THE ALASKA STATUTES TITLE 29, CHAPTER 53. MUNICIPAL ASSESSMENT AND TAXATION, SECTION 29.53.025 OPTIONAL EXEMPTIONS AND EXCLUSIONS.

WHEREAS, it is the intent of the Kodiak City Council to seek to allow the exemption of commercial and business inventories from personal property taxation, through the initiation of legislation by local representatives, to Alaska Statutes Title 29, Chapter 53, Municipal Assessment and Taxation; and

WHEREAS, more specifically, the intended change would be an addition of the following words to Section 29.53.025 Optional exemptions and exclusions. (b)(2) "(E) all commercial and business inventories."

NOW, THEREFORE, BE IT RESOLVED by the Kodiak City Council as follows:

Section 1. Senator Mulcahy and Representative Zharoff initiate the appropriate legislative action, which, if approved, would exempt commercial and business inventories from personal property taxation.

PASSED AND APPROVED this 28 day of December, 1981.

CITY OF KODIAK

Alan J. Bradley
MAYOR

ATTEST:

Nancy E. Gilbert
CITY CLERK

TELEPHONES
(907) 586-1325
586-6526



204 N. FRANKLIN ST.
JUNEAU, ALASKA 99801

1983 POLICY STATEMENT

The Alaska Municipal League is a voluntary, non-profit, nonpartisan organization whose member cities, boroughs, and unified municipalities represent over 95% of Alaska's population. The League provides a forum through which local government officials may assist each other in the solution of municipal problems and may express their common concerns to state and federal officials. A major objective of the League is to advance the interests and well-being of the people residing within the state by promoting the betterment of every aspect of local government in Alaska.

This 1983 municipal statement was adopted November 13, 1982 by the delegates attending the Alaska Municipal League 32nd Annual Local Government Conference in Fairbanks. It represents the collective philosophy, goals, responsibilities, and ideals of Alaska's local government officials. Items included in the statement have been reviewed and debated for several months by municipal officials who are concerned on a day-to-day basis with the many complex problems facing local governments in Alaska. The statement is a guide to the priority concerns of AML member municipalities.

1982 & 1983 Alaska Municipal League
statements supporting exemption

16. Population Determination and Impact: The League supports following federal census practices for determination of population based on residency and encourages the Legislature and Governor to recognize the need for a comprehensive policy to alleviate the social and economic impact of major development on municipalities by state funding from funds appropriated separately from revenue sharing and municipal assistance funding.

17. State Aid to Municipalities for Law Enforcement: Title 18 of the Alaska Statutes confers upon the state the responsibility for law enforcement powers within the state. Municipalities may assume law enforcement powers within their jurisdiction. With the increase in crime throughout Alaska, and the resulting public demand for increased police protection, the League encourages the state to assist municipalities in assuming law enforcement powers, expanding such powers to additional areas, or improving existing services through a program which partially reimburses municipalities for the costs of providing law enforcement services.

C. LOCAL TAXES

1. State-Mandated Exemptions: The League opposes the imposition of state-mandated exemption of certain classes of property, individuals, organizations, or commodities from the application of taxes unless adequate compensation is made by the state to reimburse local governments for revenues lost due to these exemptions.

2. Payments-in-Lieu: The League endorses the position whereby the state would pay to the local governments a payment-in-lieu of ad valorem taxes for the state-owned property as well as payments for its share of the cost of improvements and services which benefit such property.

3. Right To Tax: The League opposes any further effort on the part of the state to levy a property tax which would infringe upon the rights of local governments to levy the same rate of tax as levied on other property within the taxing jurisdiction.

4. Personal Property: The League supports legislation which would provide for the optional exemption or a partial exemption of personal property and for the classification and exemption or partial exemption of classes of personal property from property taxation.

5. Interest Rate Limit: The League supports legislation to remove the limits established in Title 29 on the penalty and interest rate for delinquent property and sales tax payments and allow municipalities to set their own rates.

6. Waiver of Tax Collection: The League endorses legislation to permit the waiver of collection of taxes when collection costs exceed taxes due.

D. FORMATION OF NEW MUNICIPALITIES

The League supports legislation to provide adequate funds to assist in the study of the feasibility of forming new municipalities and in the formation of newly organized municipalities.

E. PUBLIC EMPLOYEES RETIREMENT

The League urges that in any legislation passed which increases benefits under the Public Employees Retirement System and Teachers Retirement System, the increased cost be borne by contributions from the employees. The League urges the Legislature to recognize the effect on participating municipal employers if any amendments are made to PERS and TRS.



TELEPHONES
907) 586-1325
586-6526

204 N. FRANKLIN ST.
JUNEAU, ALASKA 99801

1982 POLICY STATEMENT

The Alaska Municipal League is a voluntary, non-profit, nonpartisan organization whose member cities, boroughs and unified municipalities represent over 90% of Alaska's population. The League provides a forum through which local government officials may assist each other in the solution of municipal problems and may express their common concerns to state and federal officials. A major objective of the League is to advance the interests and well-being of the people residing within the state by promoting the betterment of every aspect of local government in Alaska.

This 1982 municipal statement was adopted November 7, 1981 by the delegates attending the Alaska Municipal League 31st Annual Local Government Conference in Anchorage. It represents the collective philosophy, goals, responsibilities and ideals of Alaska's local government officials. Items included in the statement have been reviewed and debated for several months by municipal officials who are concerned on a day-to-day basis with the many complex problems facing local governments in Alaska. The statement is a guide to the priority concerns of AML member municipalities.

6. Permanent Endowment For Local Government: The League supports the concept of a permanent endowment for local governments. The income from this endowment would be made available for use by local governments for operating expenses and/or capital programs. Criteria for developing any permanent endowment and allocation of income approach should include equity, predictability and maximum local control.

7. State-Collected, Locally Shared Taxes: Municipalities in Alaska presently derive significant revenues from state-collected, locally shared taxes to help meet their basic operating expenses. The League, therefore, opposes reduction of such revenues through elimination of such taxes unless other equal sources of revenue are made available to local governments, or appropriations to compensate for lost revenues are made by the state.

8. Abandoned Motor Vehicle Fund: The League continues to urge adequate funding of the Abandoned Motor Vehicle Fund with special emphasis paid to the cost incurred in handling abandoned vehicles which have no value.

9. Basic Allocations: The League supports an increase in the state revenue sharing minimum allocation to \$50,000 for each city or eligible unincorporated community.

10. Administration of Grants & Entitlements: The League supports legislation eliminating delay, administrative regulations, or complexity associated with administration of municipal entitlements and grants programs by state departments and agencies. Administration of grants and entitlements should, when possible, be consolidated in a single state department. The League further supports elimination of administration fees deducted by state departments administering the grants.

11. Pass-Through Funds: The League encourages the Legislature to adopt policies for pass-through funds to non-profit corporations that do not cause any present or future liabilities to the municipality.

12. Federal Block Grant Programs: The League requests the state to publish, without further delay, its plans for implementing the Federal Block Grant Programs.

13. Increase in State Revenue Sharing For Specific Recipients: In those cases where legislation is approved increasing the state revenue sharing entitlement for specific recipients or for a specific purpose, the League advocates that the total funding for state revenue sharing be increased accordingly in order to preclude the dilution of funding to other recipients.

C. LOCAL TAXES

1. State-Mandated Exemptions: The League opposes the imposition of state-mandated exemption of certain classes of property, individuals, organizations or commodities from the application of taxes unless adequate compensation is made by the state to reimburse local government for revenues lost due to these exemptions.

2. Payments-in-Lieu: The League endorses the position whereby the state would pay to the local governments a payment-in-lieu of ad valorem taxes for the state-owned property as well as payments for its share of the cost of improvements and services which benefit such property.

3. Right To Tax: The League opposes any further effort on the part of the state to levy a property tax which would infringe upon the rights of local governments to levy the same rate of tax as levied on other property within the taxing jurisdiction.

4. Business Inventories: The League supports legislation which would provide for the optional exemption of business inventories from property tax.

5. Interest Rate Limit: The League supports legislation to remove the limits established by AS 29.53.180 and AS 29.53.415(d) on the penalty and interest rate for delinquent property and sales tax payments.

D. FORMATION OF NEW MUNICIPALITIES

1. The League supports legislation to provide adequate funds to assist in the study of the feasibility of forming new municipalities and in the formation of newly organized municipalities.

E. PUBLIC EMPLOYEES RETIREMENT

1. The League urges that in any legislation passed which increases benefits under the Public Employees Retirement System and Teachers Retirement System, the increased cost be borne by contributions from the employees. The League urges the Legislature to recognize the effect on participating municipal employers if any amendments are made to PERS and TRS.

F. LOCAL HOSPITAL USE

1. Utilization of Local Health Facilities: The League urges the state and federal agencies responsible for health care to utilize the local health facilities and to transport patients to regional centers only when necessary services are not available.

2. Increased State Funding: The League strongly supports increased state funding of hospital construction costs and of special hospital and health facility construction and operating costs.

3. Separate Funding For Hospitals: The League strongly supports funding of hospital and health facility grants outside the municipal revenue sharing program.

STATE OF ALASKA

Bill Sheffield, Governor

DEPT. OF COMMUNITY & REGIONAL AFFAIRS

OFFICE OF THE COMMISSIONER

POUCH B
JUNEAU, ALASKA 99811
PHONE: (907) 465-4700

March 16, 1983

POSITION PAPER

RE: HB 250

SPONSOR: Representative Zharoff

Program Effects of Bill

Provides for a local option for tax exemptions on business inventories.

Comments

The Department has supported maximizing local options as opposed to mandating such tax exemptions. This measure would allow a municipality to consider such exemptions, assuring that any decision is a local one. The Department believes that the position of the Alaska Municipal League (AML) on this bill should be an important guide post. The AML has supported such a local option for sometime now and continues to do so in their 1983 Policy Statement. One reason is that business inventory taxes often cost more to collect than they bring in; another impetus is the general encouragement of private enterprise by repealing taxes such as that on business inventories.



Mark Lewis, Commissioner

STATE OF ALASKA
FISCAL NOTE

Revision Date , 1983

I. REQUEST

Bill/Resolution No.: HB 250
 Title: Optional Inventory Exemption
 Sponsor: Representative Zharoff
 Requestor: HCRA

II. FISCAL DETAIL

Agency Affected: Community & Regional Affa:
 Program Category Affected: development
 BRU, Program of Subprogram(s) Affected:

EXPENDITURES/REVENUES: (Thousands of Dollars)

| | FY 83 | FY 84 | FY 85 | FY 86 | FY 87 | FY 88 |
|-------------------------|-------|-------|-------|-------|-------|-------|
| OPERATING | | -0- | -0- | -0- | | |
| 100 PERSONAL SERVICES | | | | | | |
| 200 TRAVEL | | | | | | |
| 300 CONTRACTUAL | | | | | | |
| 400 COMMODITIES | | | | | | |
| 500 EQUIPMENT | | | | | | |
| 600 LAND & STRUCTURES | | | | | | |
| 700 GRANTS, CLAIMS, ETC | | | | | | |
| TOTAL OPERATING | | -0- | -0- | -0- | | |
| CAPITAL | | -0- | -0- | -0- | | |
| REVENUE | | | | | | |

FUNDING: (Thousands of Dollars)

| | | | | | | |
|------------------------|--|--|--|--|--|--|
| GENERAL FUND | | | | | | |
| FEDERAL FUNDS | | | | | | |
| OTHER (Specify Source) | | | | | | |

POSITIONS:

| | | | | | | |
|-----------|--|--|--|--|--|--|
| FULL-TIME | | | | | | |
| PART-TIME | | | | | | |
| TEMPORARY | | | | | | |

III. SOURCE OF FUNDS TO OFFSET FISCAL IMPACT OF BILL:

IV. ANALYSIS: Attach a separate page for any Analysis

Prepared By: Terry Earley
 Division: Local Government Assistance
 Approved by Commissioner: [Signature]
 Department: Community & Regional Affairs

Phone: 465-4730
 Date: 3/16/83
 Date: 3/21/83

Distribution:

- Original to Legislative Finance
- Copy to Office of Management and Budget (for Legislature introduced bills)
- Copy to Department (for Governor introduced bills)
- Copy to Sponsor
- Copy to Requestor (if different from Sponsor)

3/8/83

ANALYSIS

HB 250

This bill allows municipal governments the option of excluding business inventories from taxation. This option will have no impact on the Department's operations. No fiscal impact.

Introduced: 3/11/83
Referred: Community & Regional
Affairs and Finance

File

BY ZHAROFF

1 IN THE HOUSE

2 HOUSE BILL NO. 250

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 THIRTEENTH LEGISLATURE - FIRST SESSION

5 A BILL

6 For an Act entitled: "An Act authorizing municipalities to exempt business
7 inventories from taxation; and providing for an
8 effective date."

9 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF ALASKA:

10 * Section 1. AS 29.53.025(b) is amended by adding a new paragraph to
11 read:

12 (3) exempt business inventories from taxation.

13 * Sec. 2. AS 29.45.050(b) is amended by adding a new paragraph to read:

14 (4) exempt business inventories from taxation.

15 * Sec. 3. Section 1 of this Act is repealed.

16 * Sec. 4. Sections 2 and 3 of this Act take effect on ^{January 1 following} the effective
17 date of a version of an Act revising AS 29 passed by the Thirteenth Legis-
18 lature and enacted into law.

19 * Sec. 5. Section 1 of this Act takes effect ^{January 1, 1984} immediately in accordance
20 with AS 01.10.070(c).

see attached page

↓

If the effective date takes place when the Gov signs off, then the municipalities would encounter an administrative burden because part of the business inventories for this year (1983) would be subject to tax and the other portion of the year (1983) business inventories would not be subject to the tax.

Since taxes are calculated from Jan. 1st to Dec 31st, taxing policies and laws should also follow under the same dates, in order for laws to be administered and applied in the most cost effective and efficient manner.

January 1st 1984

S

B

g

f

Alaska State Legislature



Barbara Lacher, Chairman
Mae Tischer, Vice-Chairman
Randy Phillips
Milo Fritz
Don Clocksin
Jack McBride
Mike Szymanski

Room 104
State Capitol
Juneau, Alaska 99811

Pouch V
Juneau, Alaska 99811

House of Representatives Committee on Community & Regional Affairs

TO: House Community and Regional Affairs Committee.
FROM: Staff
DATE: April 11, 1983
RE: CS SB 98

The committee has previously considered each of the appropriations contained in CS SB 98.

- Sec. 1: Supplemental funding for Municipal Assistance in the amount of \$25,100,000 was passed by the committee in HB 153 and again in CSHB 285.
- Sec. 2: Funds in the amount of \$2,500,000 for unincorporated community assistance previously considered in HB 285 and was deleted from CS HB 285 before passing the legislation out of committee.
- Sec. 3: Supplemental funding for the revenue sharing shortfall in the amount of \$2,938,000 was passed out of committee in HB 152 and in CS HB 285.

STATE OF ALASKA

Bill Sheffield, Governor

DEPT. OF COMMUNITY & REGIONAL AFFAIRS

OFFICE OF THE COMMISSIONER

POUCH B
JUNEAU, ALASKA 99811
PHONE: (907) 465-4700

April 11, 1983

POSITION PAPER

RE: CSSB 98 (Finance)

SPONSOR: Senator Sackett

Program Effects of Bill

Provides Fiscal Year 1983 supplemental appropriations in the following amounts to the following programs:

- 1) \$25,000,000 to the Municipal Assistance Program in the Department of Revenue;
- 2) \$2,500,000 to the Aid to Unincorporated Communities (SB 168) in the Department of Community & Regional Affairs;
- 3) \$2,900,000 to Chapter 89, which provides assistance to municipalities for roads, ice roads, health facilities, and hospitals and annual grants to unincorporated communities and volunteer fire departments, under the State Revenue Sharing Program in the Department of Community & Regional Affairs.

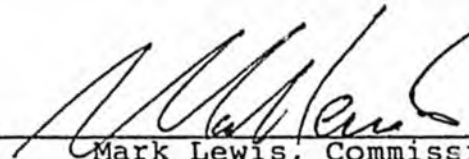
Comments

This position paper will address only those sections of the bill that pertain to this Department.

There are presently 32 unincorporated communities under contract under the SB 168 program. The Department is contractually bound to "fully fund" these communities at the \$1,000 per capita as provided for by law. However, due to a drastic cut in funding for this program last year, "new" applicants under the program will have to be prorated at about 50%. This creates a very unfair situation in which a majority of the recipients under the Aid to Unincorporated Communities Program will receive only one-half of the funding they are entitled to under this one-time only program.

Position Paper
April 11, 1983
Page 2

The Department believes it is important to fully fund programs that allow municipalities and unincorporated communities to provide vital services to their residents. The current funding level for Chapter 89 requires that local allocations be prorated at about 80% of their fully funded entitlement. Chapter 89 provides funding for a wide range of recipients and services; therefore, this supplemental will benefit many Alaskans in both municipalities and unincorporated communities.



Mark Lewis, Commissioner

STATE OF ALASKA
FISCAL NOTE

Revision Date _____, 1983

I. REQUEST

Bill/Resolution No.: CSSB 98
 Title: Supplemental- Approp. In Communities..
 Sponsor: Senator Sackett
 Requestor: HCRA

II. FISCAL DETAIL

Agency Affected: DCRA
 Program Category Affected: Development
 BRU, Program of Subprogram(s) Affected: Local Government Assistance

EXPENDITURES/REVENUES: (Thousands of Dollars)

| | FY 83 | FY 84 | FY 85 | FY 86 | FY 87 | FY 88 |
|-------------------------|--------|-------|-------|-------|-------|-------|
| OPERATING | -0- | -0- | -0- | -0- | -0- | -0- |
| 100 PERSONAL SERVICES | | | | | | |
| 200 TRAVEL | | | | | | |
| 300 CONTRACTUAL | | | | | | |
| 400 COMMODITIES | | | | | | |
| 500 EQUIPMENT | | | | | | |
| 600 LAND & STRUCTURES | | | | | | |
| 700 GRANTS, CLAIMS, ETC | 30,400 | | | | | |
| TOTAL OPERATING | 30,400 | -0- | -0- | -0- | -0- | -0- |

| | | | | | | |
|---------|--|--|--|--|--|--|
| CAPITAL | | | | | | |
|---------|--|--|--|--|--|--|

| | | | | | | |
|---------|--|--|--|--|--|--|
| REVENUE | | | | | | |
|---------|--|--|--|--|--|--|

FUNDING: (Thousands of Dollars)

| | | | | | | |
|------------------------|--------|--|--|--|--|--|
| GENERAL FUND | 30,400 | | | | | |
| FEDERAL FUNDS | | | | | | |
| OTHER (Specify Source) | | | | | | |

POSITIONS:

| | | | | | | |
|-----------|--|--|--|--|--|--|
| FULL-TIME | | | | | | |
| PART-TIME | | | | | | |
| TEMPORARY | | | | | | |

III. SOURCE OF FUNDS TO OFFSET FISCAL IMPACT OF BILL:

None indicated by Sponsor.

IV. ANALYSIS: Attach a separate page for any Analysis

Prepared By: Richard Rainery *RR* Phone: 465-4703
 Division: Commissioner's office Date: _____
 Approved by Commissioner: *[Signature]* Date: 4/11/83
 Department: Community & Regional Affairs

Distribution:

Original to Legislative Finance
 Copy to Office of Management and Budget (for Legislature introduced bills)
 Copy to Department (for Governor introduced bills)
 Copy to Sponsor
 Copy to Requestor (if different from Sponsor)

3/8/83

Alaska State Legislature

Barbara Lacher, Chairman
Mae Tischer, Vice-Chairman
Randy Phillips
Milo Fritz
Don Clocksin
Jack McBride
Mike Szymanski



Room 104
State Capitol
Juneau, Alaska 99811

Pouch V
Juneau, Alaska 99811

House of Representatives Committee on Community & Regional Affairs

TO: House Community and Regional Affairs Committee.
FROM: Staff
DATE: April 11, 1983
RE: CS SB 98

The committee has previously considered each of the appropriations contained in CS SB 98.

- Sec. 1: Supplemental funding for Municipal Assistance in the amount of \$25,100,000 was passed by the committee in HB 153 and again in CSHB 285.
- Sec. 2: Funds in the amount of \$2,500,000 for unincorporated community assistance previously considered in HB 285 and was deleted from CS HB 285 before passing the legislation out of committee.
- Sec. 3: Supplemental funding for the revenue sharing shortfall in the amount of \$2,938,000 was passed out of committee in HB 152 and in CS HB 285.

3/30

COMMITTEE REPORT

HOUSE

FINANCE

FURTHER:

(39)

3/23/83

Date: _____

Mr. Speaker:

The Committee on COMMUNITY & REGIONAL AFFAIRS has had HB 285

An Act making miscellaneous supplemental appropriations; and providing for an effective date.

under consideration and reports it back as follows:

- do pass do not pass
- do pass with attached amendments(s)
- replace with CS for HP 285 (P&RH) same title
 new title
- and recommends _____
- AND attaches a "Letter of Intent" New Fiscal Note
- reports it back without recommendation Zero Fiscal Note Attached
- referred to the _____ Committee

**MEMBERS SIGNING
DO PASS**

Debra Lee
P. D. E. Cress *D. P. ...*
MILTON H. ...
...
...
...
...
...
...

**MEMBERS HAVING
OTHER RECOMMENDATIONS:**

...
...
...
...
...
...

Debra Lee
 CHAIRMAN

COMMITTEE REPORT

HOUSE

FURTHER: FINANCE

2/2/83

Date:

2/16/83

Mr. Speaker:

The Committee on C & RA has had HB 152

An Act making a supplemental appropriation to the miscellaneous services account; and providing for an effective date.

Under consideration and reports it back as follows:

- do pass do not pass
- do pass with attached amendments(s)
- replace with CS for HB 152 same title
 new title
- and recommends Do Pass
- AND attaches a "Letter of Intent" New Fiscal Note
- reports it back without recommendation Zero Fiscal Note Attached
- referred to the _____ Committee

**MEMBERS SIGNING
DO PASS**

MILF FRIE

JACK W. BRIDE

[Signature]

[Signature]

[Signature]

**MEMBERS HAVING
OTHER RECOMMENDATIONS:**

[Signature] - no recommendation

[Signature]

CHAIRMAN

DEPT. OF COMMUNITY & REGIONAL AFFAIRS

OFFICE OF THE COMMISSIONER

POUCH B
JUNEAU, ALASKA 99811
PHONE: (907) 465-4700

February 15, 1983

POSITION PAPER

RE: CSHB 152

SPONSOR: House Community & Regional Affairs Committee

Program Effects of Bill

The bill makes a \$2.938 million supplemental appropriation to fully fund Chapter 89 State Revenue Sharing. This chapter funds road, ice roads, health facility and hospital operations, unincorporated communities and volunteer fire departments serving unincorporated areas in the unorganized borough.

Comments

The Department believes it is important to fully fund programs that allow municipalities and unincorporated communities to provide vital services to their residents. The current funding level for Chapter 89 requires that local allocations be prorated at about 81% of their fully funded level. The funding for this program must be weighed against other State needs to determine if its priority warrants full funding. The Department does not have funds available from within its FY'83 budget to reduce or offset this supplemental appropriation.

Mark Lewis
2/16/83

STATE OF ALASKA
PRELIMINARY STATEMENT OF FISCAL IMPACT

Bill No: CSHB 152 Date on Bill: Undated
 Title: Supplemental appropriation to miscellaneous services account
 Sponsor: House Community & Regional Affairs
 Requestor: House Community & Regional Affairs

1. Estimated fiscal impacts on: Department of Community & Regional Affairs

a. Expenditures:

(Thousands of Dollars)

| | | | FY 83 | FY 84 | FY 85 | FY 86 | | |
|-----------|--|--|-------|-------|-------|-------|--|--|
| Capital | | | | -0- | -0- | -0- | | |
| Operating | | | | -0- | -0- | -0- | | |
| Total | | | | -0- | -0- | -0- | | |

b. Revenues:

| | | | | | | | | |
|---------|--|--|--|--|--|--|--|--|
| Revenue | | | | | | | | |
|---------|--|--|--|--|--|--|--|--|

2. Source of funds to offset fiscal impact of bill:

The sponsor has not indicated the source of offset for the supplemental appropriation of \$2,938,000.

3. Assumptions:

This supplemental appropriation would be administered through an existing Department program. No fiscal impact

4. Disclaimer:

This statement has not been reviewed by the OMB in the Office of the Governor. It does not represent the policy of the Sheffield Administration or the final estimate of fiscal impact.

Prepared By: Richard Rainery Phone: 465-4703
 Division: Commissioner's Office Date: 2/15/83
 Approved by Commissioner: *Richard Rainery* Date: 2/16/83
 Department: Community & Regional Affairs

5. Distribution:

- Original to Legislative Finance
- Copy to OMB
- Copy to Sponsor
- Copy to Requestor

2/8/83



LAWS OF ALASKA

1981

Source

HCS CSSB 168(Fin)

Chapter No.

60

AN ACT

Relating to state assistance for municipalities and unincorporated communities; and providing for an effective date.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF ALASKA:

THE ACT FOLLOWS ON PAGE 1, LINE 10

Approved by the Governor: July 10, 1981
Actual Effective Date: July 11, 1981

AN ACT

Relating to state assistance for municipalities
and unincorporated communities; and providing
for an effective date.

* Section 1. MUNICIPAL AID PROGRAM. (a) During the fiscal year ending June 30, 1982, the Department of Administration shall compute and pay an entitlement to each qualified municipality. An entitlement to a municipality with a population of at least 1,000 shall be used for social services and capital projects at the discretion of the municipality. An entitlement to a municipality with a population of less than 1,000 shall be used for social services, capital projects, or operating expenses of capital projects at the discretion of the municipality. The entitlement for each municipality shall be computed in accordance with (b) of this section, and is payable by the Department of Administration in accordance with AS 37.05.315 to the extent that the provisions of AS 37.05.315 are consistent with (c), (d), and (e) of this section.

(b) Within the limits of appropriations for the purpose, each municipality is entitled to receive \$1,000 per person residing within the boundaries of the municipality.

(c) A municipality may grant money received under this section to a nonprofit corporation for

(1) any capital project of the nonprofit corporation that serves a public purpose;

(2) social services;

Chapter 60

Community and Regional Affairs in accordance with (c) of this section.

(b) Within the limits of appropriations for the purpose, each unincorporated community in the unorganized borough is entitled to receive \$1,000 per person residing within that community.

(c) By August 15, 1981, the Department of Community and Regional Affairs shall notify each unincorporated community that its entitlement is available. The Department of Community and Regional Affairs with advice from the Department of Law shall determine whether there is, in the unincorporated community, an incorporated entity or a federally chartered entity that does not possess sovereign immunity and will agree to receive and spend the money received under the entitlement. If there is in the unincorporated community more than one qualified incorporated or federally chartered entity, the Department of Community and Regional Affairs shall pay the money under the entitlement to the entity that the department finds most qualified to receive and spend the money consistent with (d) and (e) of this section. In selecting the recipient entity, the Department of Community and Regional Affairs shall give preference to a nonprofit corporation organized by an unincorporated community for receipt of the entitlement.

(d) Money received as an entitlement under this section may be used for social services, capital projects, or operating expenses of capital projects in the unincorporated community.

(e) An unincorporated community may not receive money as an entitlement under this section until the recipient selected by the Department of Community and Regional Affairs under (c) of this section provides the Department of Community and Regional Affairs a copy of a resolution adopted by it that

(1) authorizes the recipient to receive and spend the money provided by the entitlement;

(2) identifies the social services, capital projects, and operat-

Chapter 60

ing expenses of capital projects for which the money will be spent;

(3) indicates the total amount of money that the recipient may receive, the amount of money that will be used for social services, the amount of money that will be used for each capital project, and the amount of money that will be used for operating expenses of capital projects;

(4) identifies each party

(A) that owns or will own a capital project for which money is spent under this section; or

(B) that will be responsible for the maintenance and operation of a capital project for which money is spent under this section; and

(5) agrees that each capital project for which money is spent under this section will be operated on a nondiscriminatory basis for the benefit of the public.

(f) If there is no qualified incorporated entity or federally chartered entity willing to receive the money in an unincorporated community, the entitlement for that unincorporated community may not be paid.

* Sec. 3. DETERMINATION OF POPULATION. (a) For purposes of this Act, the population of a municipality and of an unincorporated community shall be determined from the latest figures of the United States Bureau of the Census.

(b) For purposes of determining the population of a home rule or general law borough, the population of each city located within the boundaries of the borough shall be subtracted from the population of the borough.

* Sec. 4. MUNICIPAL AID ACCOUNT. The municipal aid account is established in the Department of Administration. Money to carry out the provisions of sec. 1 of this Act shall be appropriated to the account and distributed by the Department of Administration as authorized in sec. 1 of this Act. If the amount appropriated to the account is not sufficient to finance all entitlements, the amount appropriated shall be distributed pro rata

eligible municipalities.

* Sec. 5. UNINCORPORATED COMMUNITY

aid account is established in the Department of Regional Affairs. Money to carry out the provisions of this section shall be appropriated to the account and distributed by the Department of Regional Affairs as authorized in this section. If the amount appropriated to the account is not sufficient to finance all entitlements, the amount appropriated shall be distributed pro rata to the recipients.

* Sec. 6. DEFINITIONS. In this Act:

(1) "capital project"

(A) a public facility;

(B) equipment that is used to purchase, repair, or maintain a public facility;

(2) "municipality" means a municipality incorporated under state law and having a population of 10,000 or more;

(3) "social services" means services for children and adults, including day care, services related to the mental health of children and adults, and services for adults, including day care, employment services, and other services, the preparation and delivery of which require a full range of legal services, including but not limited to those designed to meet the special needs of the mentally disabled, the blind, the deaf, and alcoholics and drug addicts;

(4) "unincorporated community" means a community that is not incorporated as a municipality.

among eligible municipalities.

* Sec. 5. UNINCORPORATED COMMUNITY AID ACCOUNT. The unincorporated community aid account is established in the Department of Community and Regional Affairs. Money to carry out the provisions of sec. 2 of this Act shall be appropriated to the account and distributed by the Department of Community and Regional Affairs as authorized in sec. 2 of this Act. If the amount appropriated to the account is not sufficient to finance all entitlements, the amount appropriated shall be distributed pro rata among eligible recipients.

* Sec. 6. DEFINITIONS. In this Act,

(1) "capital project" means

(A) a public facility; or

(B) equipment that may be necessary to construct, operate, or maintain a public facility or service;

(2) "municipality" means a city, borough, or unified municipality incorporated under state law and includes home rule and general law municipalities;

(3) "social services" means child care services, protective services for children and adults, services for children and adults in foster care, services related to the management and maintenance of the home, day care services for adults, transportation services, training and related services, employment services, information, referral, and counseling services, the preparation and delivery of meals, health support services, full range of legal services, and appropriate combinations of services designed to meet the special needs of children, the aged, the developmentally disabled, the blind, the mentally ill, the physically handicapped, and alcoholics and drug addicts;

(4) "unincorporated community" means a place in the unorganized borough not incorporated as a municipality and in which 25 or more persons

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25
26
27
28
29

Chapter 60

reside as a social unit.

* Sec. 7. This Act takes effect July 1, 1981.



LA'

Source

FCCSHB 1

Making a special ap
and making appropri
and the Department
to municipalities a
for an effective da

BE IT ENACTED BY THE L

THE ACT

Approved by the Gc
Actual Effective I

DEPT. OF COMMUNITY & REGIONAL AFFAIRS

OFFICE OF THE COMMISSIONER

POUCH B
JUNEAU, ALASKA 99811
PHONE: (907) 465-4700

April 11, 1983

POSITION PAPER

RE: CSSB 98 (Finance)

SPONSOR: Senator Sackett

Program Effects of Bill

Provides Fiscal Year 1983 supplemental appropriations in the following amounts to the following programs:

- 1) \$25,000,000 to the Municipal Assistance Program in the Department of Revenue;
- 2) \$2,500,000 to the Aid to Unincorporated Communities (SB 168) in the Department of Community & Regional Affairs;
- 3) \$2,900,000 to Chapter 89, which provides assistance to municipalities for roads, ice roads, health facilities, and hospitals and annual grants to unincorporated communities and volunteer fire departments, under the State Revenue Sharing Program in the Department of Community & Regional Affairs.

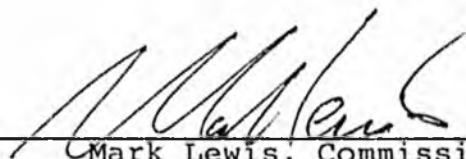
Comments

This position paper will address only those sections of the bill that pertain to this Department.

There are presently 32 unincorporated communities under contract under the SB 168 program. The Department is contractually bound to "fully fund" these communities at the \$1,000 per capita as provided for by law. However, due to a drastic cut in funding for this program last year, "new" applicants under the program will have to be prorated at about 50%. This creates a very unfair situation in which a majority of the recipients under the Aid to Unincorporated Communities Program will receive only one-half of the funding they are entitled to under this one-time only program.

Position Paper
April 11, 1983
Page 2

The Department believes it is important to fully fund programs that allow municipalities and unincorporated communities to provide vital services to their residents. The current funding level for Chapter 89 requires that local allocations be prorated at about 80% of their fully funded entitlement. Chapter 89 provides funding for a wide range of recipients and services; therefore, this supplemental will benefit many Alaskans in both municipalities and unincorporated communities.



Mark Lewis, Commissioner

STATE OF ALASKA
FISCAL NOTE

Revision Date _____, 1983

I. REQUEST

Bill/Resolution No.: CSSB 98
 Title: Supplementa- Approp. In Communities..
 Sponsor: Senator Sackett
 Requestor: HCRA

II. FISCAL DETAIL

Agency Affected: DCRA
 Program Category Affected: Development
 BRU, Program of Subprogram(s) Affected: Local Government Assistance

EXPENDITURES/REVENUES: (Thousands of Dollars)

| | FY 83 | FY 84 | FY 85 | FY 86 | FY 87 | FY 88 |
|-------------------------|--------|-------|-------|-------|-------|-------|
| OPERATING | -0- | -0- | -0- | -0- | -0- | -0- |
| 100 PERSONAL SERVICES | | | | | | |
| 200 TRAVEL | | | | | | |
| 300 CONTRACTUAL | | | | | | |
| 400 COMMODITIES | | | | | | |
| 500 EQUIPMENT | | | | | | |
| 600 LAND & STRUCTURES | | | | | | |
| 700 GRANTS, CLAIMS, ETC | 30,400 | | | | | |
| TOTAL OPERATING | 30,400 | -0- | -0- | -0- | -0- | -0- |
| CAPITAL | | | | | | |
| REVENUE | | | | | | |

FUNDING: (Thousands of Dollars)

| | | | | | | |
|------------------------|--------|--|--|--|--|--|
| GENERAL FUND | 30,400 | | | | | |
| FEDERAL FUNDS | | | | | | |
| OTHER (Specify Source) | | | | | | |

POSITIONS:

| | | | | | | |
|-----------|--|--|--|--|--|--|
| FULL-TIME | | | | | | |
| PART-TIME | | | | | | |
| TEMPORARY | | | | | | |

III. SOURCE OF FUNDS TO OFFSET FISCAL IMPACT OF BILL:

None indicated by Sponsor.

IV. ANALYSIS: Attach a separate page for any Analysis

Prepared By: Richard Rainery *RR* Phone: 465-4703
 Division: Commissioner's office Date: _____
 Approved by Commissioner: *[Signature]* Date: 4/11/83
 Department: Community & Regional Affairs

Distribution:

- Original to Legislative Finance
- Copy to Office of Management and Budget (for Legislature introduced bills)
- Copy to Department (for Governor introduced bills)
- Copy to Sponsor
- Copy to Requestor (if different from Sponsor)

150

8

S

COMMITTEE REPORT

HOUSE

FINANCE

FURTHER:

(7)

4/11/83

Date: _____

Mr. Speaker:

The Committee on ~~COMMUNITY & REGIONAL AFFAIRS~~ has had CSSB 150 (Fin) an ~~An Act making an appropriation to the Department of Environmental Conservation for water and sewer grants; special appropriations to an unincorporated community and municipalities for water, sewer or solid waste grants; to the Department of Education for a water grant; and to the Department of Environmental conservation for water and sewer studies.~~

under consideration and reports it back as follows:

- do pass do not pass
- do pass with attached amendments(s)
- replace with CS for _____ same title
 new title
- and recommends _____
- AND attaches a "Letter of Intent" New Fiscal Note
- reports it back without recommendation Zero Fiscal Note Attached
- referred to the _____ Committee

MEMBERS SIGNING
DO PASS

[Handwritten signature]

MEMBERS HAVING
OTHER RECOMMENDATIONS:

[Handwritten signature]

[Handwritten signature]

[Handwritten signature]

CHAIRMAN

I. REQUEST

Bill/Resolution No.: HCSCSSB 151
 Title: "An Act relating to RRDA's"
 Sponsor: Fahrerkamp, Kerttula, Ferguson,
 Requestor: Fischer House C. & R.A.

II. FISCAL DETAIL

Agency Affected: Office of the Governor
 Program Category Affected: Exec. Operations
 BRU, Program of Subprogram(s), Affected:
Division of Elections

EXPENDITURES/REVENUES: (Thousands of Dollars)

| | FY 83 | FY 84 | FY 85 | FY 86 | FY 87 | FY 88 |
|-------------------------|-------|-------|-------|-------|-------|-------|
| OPERATING | | | | | | |
| 100 PERSONAL SERVICES | | | | | | |
| 200 TRAVEL | | .4 | | | | |
| 300 CONTRACTUAL | | 19.6 | 10.4 | 11.0 | | |
| 400 COMMODITIES | | .6 | | | | |
| 500 EQUIPMENT | | | | | | |
| 600 LAND & STRUCTURES | | | | | | |
| 700 GRANTS, CLAIMS, ETC | | | | | | |
| TOTAL OPERATING | -0- | 20.6 | 10.4 | 11.0 | | |
| CAPITAL | | | | | | |
| REVENUE | | | | | | |

FUNDING: (Thousands of Dollars)

| | | | | | | |
|------------------------|-----|------|------|------|--|--|
| GENERAL FUND | -0- | 20.6 | 10.4 | 11.0 | | |
| FEDERAL FUNDS | | | | | | |
| OTHER (Specify Source) | | | | | | |

POSITIONS:

| | | | | | | |
|-----------|--|--|--|--|--|--|
| FULL-TIME | | | | | | |
| PART-TIME | | | | | | |
| TEMPORARY | | | | | | |

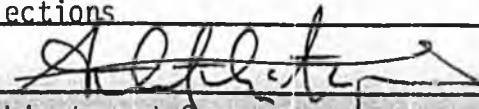
III. SOURCE OF FUNDS TO OFFSET FISCAL IMPACT OF BILL:

IV. ANALYSIS: Attach a separate page for any Analysis

Prepared By: Linda Dupere, Administrative Assistant
 Division: Division of Elections

Phone: 586-6181

Date: 5/25/83

Approved by Commissioner: 
 Department: Office of the Lieutenant Governor

Date: 5/25/83

Distribution:

- Original to Legislative Finance
- Copy to Office of Management and Budget (for Legislature introduced bills)
- Copy to Department (for Governor introduced bills)
- Copy to Sponsor
- Copy to Requestor (if different from Sponsor)

STATE OF ALASKA
FISCAL NOTE

Revision Date 4/22, 1983

I. REQUEST

Bill/Resolution No.: HCS CSSB 150 (C&RA)
Title: An Act making an appropriation to
Sponsor: Finance Committee
Requestor: House C&RA Committee

II. FISCAL DETAIL

Agency Affected: Environmental Conservation
Program Category Affected: NRMEC
BRU, Program of Subprogram(s) Affected:
Facility Construction and Operation

DEC, Uninc. communities & municipalities for water, sewer, or solid waste grants

EXPENDITURES/REVENUES: (Thousands of Dollars)

| | FY 83 | FY 84 | FY 85 | FY 86 | FY 87 | FY 88 |
|-------------------------|-------|-------|-------|-------|-------|-------|
| OPERATING | | | | | | |
| 100 PERSONAL SERVICES | | | | | | |
| 200 TRAVEL | | | | | | |
| 300 CONTRACTUAL | | | | | | |
| 400 COMMODITIES | | | | | | |
| 500 EQUIPMENT | | | | | | |
| 600 LAND & STRUCTURES | | | | | | |
| 700 GRANTS, CLAIMS, ETC | | | | | | |
| TOTAL OPERATING | | | | | | |

| | | | | | | |
|---------|--|------------|--|--|--|--|
| CAPITAL | | 103,283.65 | | | | |
|---------|--|------------|--|--|--|--|

| | | | | | | |
|---------|--|--|--|--|--|--|
| REVENUE | | | | | | |
|---------|--|--|--|--|--|--|

FUNDING: (Thousands of Dollars)

| | | | | | | |
|------------------------|--|------------|--|--|--|--|
| GENERAL FUND | | 103,283.65 | | | | |
| FEDERAL FUNDS | | | | | | |
| OTHER (Specify Source) | | | | | | |

POSITIONS:

| | | | | | | |
|-----------|--|-----|--|--|--|--|
| FULL-TIME | | -0- | | | | |
| PART-TIME | | -0- | | | | |
| TEMPORARY | | -0- | | | | |

III. SOURCE OF FUNDS TO OFFSET FISCAL IMPACT OF BILL:

Funds appropriated from the General Fund, which are passed to the Department of Environmental Conservation, unincorporated communities, municipalities, and the Department of Education, are the only fiscal impact of this bill. (See attached page)

IV. ANALYSIS: Attach a separate page for any Analysis

Prepared By: Gary Hayden, Director Phone: 465-2610
Division: Facility Construction & Operation Date: April 22, 1983

Approved by Commissioner: Richard A. Nene Date: 4/22/83
Department: Environmental Conservation

Distribution:

Original to Legislative Finance
Copy to Office of Management and Budget (for Legislature introduced bills)
Copy to Department (for Governor introduced bills)
Copy to Sponsor
Copy to Requestor (if different from Sponsor)

3/8/83

HCS CSSB 150 (C&RA)
Page 2
April 22, 1983

- 1) \$1,050,000 appropriation to the Department of Education;
- 2) \$25,498,200 appropriation for grants to incorporated municipalities through the Department of Environmental Conservation;
- 3) \$75,912,450 direct appropriation to specific municipalities;
- 4) \$623,000 in grants to the unincorporated communities of Kenny Lake (\$148,000), Igiugig (\$250,000), and Dot Lake (\$225,000);
- 5) \$200,000 to the Department of Environmental Conservation for water and sewer feasibility studies.

7-18-83

POSITION STATEMENT ON SENATE BILL 150
by the
DEPARTMENT OF ENVIRONMENTAL CONSERVATION
Before the
HOUSE COMMUNITY AND REGIONAL AFFAIRS COMMITTEE

SENATE BILL 150 PROVIDING FOR \$67,175,300 FOR THE CONSTRUCTION OF WATER, SEWAGE, AND SOLID WASTE FACILITIES BEGAN AS A \$28 MILLION SUPPLEMENTAL TO THE DEPARTMENT OF ENVIRONMENTAL CONSERVATION. THE DEPARTMENT INITIATED THE REQUEST AFTER COMMUNITY OFFICIALS EXPRESSED A NEED FOR CONSTRUCTION GRANT MONIES FOR PROJECTS READY FOR CONSTRUCTION IN THE SUMMER OF 1983. AS PREVIOUSLY MENTIONED TO THIS COMMITTEE IN TESTIMONY ON SB 21, THE CONSTRUCTION GRANTS PROGRAM DID NOT RECEIVE AN APPROPRIATION LAST YEAR BECAUSE GOVERNOR HAMMOND VETOED THE BOND PROPOSITION.

THE APPROPRIATION AND PROJECTS TO BE FUNDED IN THIS BILL HAS CHANGED FROM A SUPPLEMENTAL IN FISCAL YEAR 83 TO AN APPROPRIATION FOR FISCAL YEAR 84. THE DEPARTMENT HAS PERFORMED A TECHNICAL ANALYSIS OF THE PROJECTS IN THIS BILL AND CAN IDENTIFY MANY PROJECTS THAT WILL MEET THE PRESSING COMMUNITY SANITATION NEEDS, AND WE SUPPORT THESE PROJECTS. BECAUSE OF DECREASING REVENUES, THE TOTAL REVENUES AVAILABLE WEIGHED WITH THE STATE'S NEEDS WILL HAVE TO BE CONSIDERED BEFORE THE ADMINISTRATION FORMS A POSITION ON TOTAL FUNDING FOR THIS BILL. I AM PREPARED TO DISCUSS FROM A TECHNICAL STANDPOINT THESE PROJECTS AND THE FUNDING MECHANISMS.

THIS BILL APPROPRIATES \$25.7 MILLION TO THE DEPARTMENT. THESE FUNDS WILL BE ADMINISTERED THROUGH THE CONSTRUCTION GRANTS PROGRAM, WHICH REQUIRES 50% MATCH BY INCORPORATED MUNICIPALITIES. THE DEPARTMENT REQUESTED A SINGLE APPROPRIATION VERSUS PROJECT SPECIFIC APPROPRIATION. THIS METHOD WILL ALLOW UNUSED FUNDS TO BE MOVED TO OTHER PROJECTS. IN ADDITION, IT HAS BEEN OUR

EXPERIENCE THAT AFTER A GRANT HAS BEEN AWARDED, 8 TO 10% MAY BE NEEDED AS A CONTINGENCY FOR UNANTICIPATED COST INCREASES. WE HAVE AN ATTORNEY GENERAL'S OPINION WHICH INDICATES THAT MONIES CAN BE MOVED BETWEEN PROJECTS USING THE "ALLOCATIONS" METHOD USED IN SB 150.

THE PROJECTS THAT ARE LISTED FOR FUNDING BY THE DEPARTMENT WERE COMPILED FROM 213 RESPONSES FROM 52 COMMUNITIES. THESE WERE SCORED AND RANKED USING A CRITERIA SYSTEM DEVELOPED BY THE DEPARTMENT. THE CRITERIA SYSTEM IS ATTACHED FOR YOUR USE. WE WILL BE WORKING THROUGH THE MUNICIPAL LEAGUE TO REFINE THE CRITERIA SYSTEM IN THE FUTURE.

THIS BILL ALSO PROVIDED FUNDING FOR PROJECTS BY APPROPRIATIONS TO THE DEPARTMENT OF EDUCATION, TO UNINCORPORATED COMMUNITIES, AND TO MUNICIPALITIES. THESE PROJECTS WERE IDENTIFIED BY THE SENATE. I HAVE GIVEN EACH OF YOU AN ANALYSIS OF SB 150 AND SB 162. ONLY FOUR PROJECTS APPEAR TO RECEIVE FUNDING THROUGH BOTH BILLS. THESE ARE:

| | |
|--|--------------------------|
| DELTA JUNCTION LANDFILL | \$ 500,000 |
| KOTZEBUE WATER/SEWER EXPANSION | 1,000,000 |
| SAINT MICHAEL WATER AND SEWER | \$1,900,000 OR \$600,000 |
| WASILLA SEPTIC TREATMENT | 186,000 |

FROM THE INFORMATION I HAVE, THE DELTA JUNCTION AND WASILLA PROJECTS APPEAR TO BE RECEIVING 200 PERCENT FUNDING. I DO NOT HAVE BACK UP DATA ON THE KOTZEBUE PROJECT. OUR INFORMATION INDICATES THE \$600,000 FOR ST. MICHAEL IS FOR A SOLID WASTE FACILITY, AND WE ARE UNCERTAIN OF THE INTENT OF THE \$1.9 MILLION REQUEST.

IN THE SECTION OF THE BILL DEALING WITH GRANTS TO UNINCORPORATED COMMUNITIES, THE DEPARTMENT RECOMMENDS IGIUGIG BE DELETED AND INSTEAD BE INCLUDED FOR AN ADDITIONAL \$50,000 IN SECTION 3 FOR A WATER & SEWER FEASIBILITY STUDY. THE DEPARTMENT RECOMMENDS THIS CHANGE BECAUSE THE SCOPE OF THE PROPOSED \$838,000 PROJECT NEEDS TO BE BETTER DEFINED AND TECHNICAL QUESTIONS REGARDING WATER DEVELOPMENT NEED TO BE ANSWERED.

THE BILL ALSO PROVIDES \$200,000 TO THE DEPARTMENT FOR PERFORMING FEASIBILITY STUDIES. THESE STUDIES WILL:

- 1) PRECISELY DEFINE THE PROBLEM AND NEED;
- 2) ANALYZE ALTERNATIVES AND THE ASSOCIATED CAPITAL, AS WELL AS OPERATION AND MAINTENANCE COSTS; AND
- 3) THE COMMUNITY WILL THEN SELECT THE SOLUTION IT WANTS AND BELIEVES IT CAN AFFORD.

THESE STUDIES WILL PROVIDE A BASIS FOR REQUEST FOR APPROPRIATIONS THROUGH THE 85 CAPITAL BUDGET.

THANK YOU FOR THE OPPORTUNITY TO COMMENT ON THIS BILL. I WOULD BE HAPPY TO ANSWER ANY QUESTIONS YOU MAY HAVE.

I. REQUEST

Bill/Resolution No.: SB 150
 Title: An Act making an appropriation to
 Sponsor: Finance Committee
 Requestor: House C&RA Committee

II. FISCAL DETAIL

Agency Affected: Dept. of Environ. Conserva.
 Program Category Affected: NRMEC
 BRU, Program of Subprogram(s) Affected: Facility Construction & Operation

DEC, uninc. communities and municipalities for water, sewer, or solid waste grants.
 EXPENDITURES/REVENUES: (Thousands of Dollars)

| | FY 83 | FY 84 | FY 85 | FY 86 | FY 87 | FY 88 |
|-------------------------|-------|-----------|-------|-------|-------|-------|
| OPERATING | | | | | | |
| 100 PERSONAL SERVICES | | | | | | |
| 200 TRAVEL | | | | | | |
| 300 CONTRACTUAL | | | | | | |
| 400 COMMODITIES | | | | | | |
| 500 EQUIPMENT | | | | | | |
| 600 LAND & STRUCTURES | | | | | | |
| 700 GRANTS, CLAIMS, ETC | | | | | | |
| TOTAL OPERATING | | | | | | |
| CAPITAL | | 67,175.31 | | | | |
| REVENUE | | | | | | |

FUNDING: (Thousands of Dollars)

| | FY 83 | FY 84 | FY 85 | FY 86 | FY 87 | FY 88 |
|------------------------|-------|----------|-------|-------|-------|-------|
| GENERAL FUND | | 67,175.3 | | | | |
| FEDERAL FUNDS | | | | | | |
| OTHER (Specify Source) | | | | | | |

POSITIONS:

| | FY 83 | FY 84 | FY 85 | FY 86 | FY 87 | FY 88 |
|-----------|-------|-------|-------|-------|-------|-------|
| FULL-TIME | | -0- | | | | |
| PART-TIME | | -0- | | | | |
| TEMPORARY | | -0- | | | | |

III. SOURCE OF FUNDS TO OFFSET FISCAL IMPACT OF BILL:

Funds appropriated from the General Fund, which are passed to the Department of Environmental Conservation, an unincorporated community, municipalities, and the Department of Education, are the only fiscal impact of this bill. (see attached page)

IV. ANALYSIS: Attach a separate page for any Analysis

Prepared By: Gary Hayden, Director Phone: 465-2610
 Division: Facility Construction & Operation Date: April 18, 1983
 Approved by Commissioner: Richard A. Nave' by [Signature] Date: 4/18/83
 Department: ENVIRONMENTAL CONSERVATION

Distribution:

- Original to Legislative Finance
- Copy to Office of Management and Budget (for Legislature introduced bills)
- Copy to Department (for Governor introduced bills)
- Copy to Sponsor
- Copy to Requestor (if different from Sponsor)

SB 150
page 2
April 18, 1983

- 1) \$1,050,000 appropriation to the Department of Education;
- 2) \$25,659,800 appropriation for grants to incorporated municipalities through the Department of Environmental Conservation;
- 3) \$39,279,500 direct appropriation to specific municipalities;
- 4) \$986,000 in grants to the unincorporated communities of Kenny Lake (148,000) and Igiugig (\$838,000);
- 5) \$200,000 to the Department of Environmental Conservation for water and sewer feasibility studies.

Construction grants are for water, sewer, and solid waste facilities. The Construction Grants Program administered by the Department of Environmental Conservation was not funded for SFY 83 due to the veto of the proposed bond proposition by Governor Hammond. At the present time, there are a significant number of projects ready for construction for which no funding is available. This bill would enable construction to begin on these projects, avoiding additional cost increases due to inflation. The Department of Environmental Conservation cannot make a statement on whether the projects receiving funding through direct appropriations are ready for construction this year.